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Belgium	£100	Japan	£1700	Singapore	£3400
Canada	£100	Kenya	£100	Spain	£100
Cuba	£100	Malaysia	£100	Sri Lanka	£100
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Egypt	£100	Marshall	£100	Switzerland	£100
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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,514

Friday April 15 1988

D 8523 A

Indian summer
of George
Shultz, Page 24

World News Business Summary

US warship damaged by mine in Gulf

The US Navy frigate Samuel B. Roberts was damaged in an underwater explosion, believed to have been caused by a mine, in the Gulf, about 70 miles east of Bahrain. Six American sailors were injured.

BBA pays £221m for Guthrie Corporation

BBA, UK diversified automotive components company, has agreed to pay £221m for Guthrie Corporation, UK-based former plantations group.

Differences emerge as soon as Afghan pact is signed

SHARPLY DIVERGENT interpretations of the UN-mediated agreement on Afghanistan emerged in Geneva yesterday within moments of the formal signing of the accord providing for the withdrawal of Soviet troops from the country.



The body of a 25-year-old border guard is lifted into a grave in Kuwait where both hijack victims were buried yesterday.

Hijackers release further hostage

HIJACKERS HOLDING a Kuwaiti airliner at Algiers released one of the estimated 32 hostages late last night, Kuwaiti television reported.

US trade deficit rise sparks hectic trading in dollar and equities

BY ANTHONY HARRIS IN WASHINGTON, ANATOLE KALETSKY IN NEW YORK AND SIMON HOLBERTON IN LONDON

SHARE PRICES in New York tumbled yesterday after a sharp drop in the dollar in response to US trade figures for February which showed a widening in the trade deficit to \$13.8bn from \$12.4bn in January.

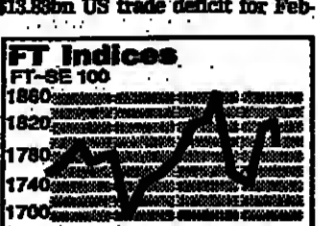


expecting. The deterioration between January and February appears to reflect mainly a change in the timing of shipments; the January import figure was abnormally low.

Israeli troops are out of control, says UN

UN officials feared they might no longer be able to protect nearly 450,000 Palestinian refugees in the Gaza Strip unless the Israeli army was brought under control.

FT Indices



Looting in Panama

Hundreds of poor Panamanians looted a warehouse and a burnt-out store in the centre of Panama City, saying they were going hungry because of the national crisis.

WALL STREET

The Dow Jones industrial average closed down 101.46 at 2,005.63.

US-Soviet trade pact

The US and Soviet Union agreed modest measures to boost bilateral trade, although political relations would still dictate the trading climate between them for the foreseeable future.

YOKYO

Optimism over foreign exchange rate levels finally helped to push the Nikkei average past the unexplored peak of 27,000.

Nigerian policy risk

Violent opposition to rises in petrol prices in Nigeria threatened to undermine the country's economic reschedule its external debt.

DOLLAR

closed in New York at DM1.6620, ¥123.55, SFr1.3725, FF5.6875.

Naples blast kills four

At least four people were killed and 20 injured when a bomb exploded near a US servicemen's club in Naples.

STERLING

closed in New York at \$1.8780, £1.8695, DM8.1175, DM3.5257, ¥282.2, ¥282.5, SFr2.5750, SFr2.58, FF10.5900, FF10.5560.

De Mita under fire

Mr Ciriaco De Mita's new Italian Government came under fire from industrialists less than 24 hours after being sworn in.

UNITED Technologies

US diversified industrial conglomerate, increased net income by 24 per cent to \$122.2m in the first quarter.

Red Cross accused

The Ethiopian Government accused the International Committee of the Red Cross of supporting rebels in the war-torn northern provinces of Eritrea and Tigray.

FRANSON

UK publishing, banking and industrial group which publishes the Financial Times, has modified the terms of its \$68m (\$162m) acquisition of Les Echos, French financial daily newspaper.

Turks detain Iranians

Turkish forces detained 69 Iranian Revolutionary Guards who crossed into Turkey on their way to northern Iraq.

LEYLAND DAF

formed last year through UK Rover Group's sale of the Leyland Trucks business to DAF of Holland, is to transfer the production of around 1,000 trucks a year from the Netherlands to the UK.

Lebanon strike call

Lebanon's General Labour Federation, with 250,000 members, rejected a Government announcement of a 75 per cent pay rise and called for a two-day strike over wages and prices.

URENCO

European nuclear company, may build and run a \$500m nuclear fuel plant in the US, its first outside Europe, in partnership with Duke Power of Charlotte, North Carolina, an electricity company.

Greece jails Britons

Two Britons who said they were aircraft spotters were jailed on spying charges in Greece after taking photographs of military and civilian aircraft.

MAJOR US BANKS

including Chemical Bank, Manufacturers Hanover, Security Pacific and Bank of America, reported big improvements in first-quarter earnings.

AIDS boxer banned

Britain's boxing control board said it had banned top Zimbabwean boxer Langton Tingo from fighting in London because he was a carrier of AIDS.

WEST GREENAN

experts to the rest of the European Community rose by 6 per cent last year, the Bundesbank said.

'Royalty' indicted

The self-styled royalty of New York's hotel industry and part owners of the Empire State Building, Harry and Leona Helmsley, were indicted in New York on tax evasion charges.

KOREAN AIR

is to buy 10 Boeing 747-400 jet aircraft in a deal worth \$1.5bn.

EHOTO Pharmaceutical

of Japan has reached a basic agreement to acquire Menhastam, US drug company.

Central banks intervene in 'concerted action'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN WASHINGTON

FINANCE ministers and central bankers of the leading industrial nations yesterday sought to limit embarrassment caused by the unexpected rise in February's US trade deficit with declarations of their continued determination to support the dollar.

ONE TRIP TO PETERBOROUGH SAVED THIS TRAVEL COMPANY OVER £3 MILLION LAST YEAR.

In business as well as in travel Thomas Cook have always been going places. But never more so than since they moved their international headquarters to Peterborough.

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IT'S BEEN WORKING FOR CENTURIES

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WHY CHILE IS SUDDENLY ATTRACTIVE TO FOREIGN INVESTORS

Alan Bond, the mercantile Australian entrepreneur, is one of many Antipodeans involved, Page 7

Brussels: West Europeans inch towards common market in crisis 2

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Technology: Celltech ferments a change of culture 16

Management: Top UK executives are tuned in to information technology 17

Editorial comment: Problems of buying time: Impatience with General Noriega 22

White House race: Dukakis, a showdown with the sceptics 22

West Bank: Pervert settlers who feel their views will win 23

Law: Markets, ETZ, UK takeovers, La Générale 24

EUROPEAN NEWS

Chirac's advance rattles Mitterrand camp

BY PAUL BETTS IN PARIS

FRENCH President François Mitterrand has called on his supporters and the Socialist Party to redouble their efforts in the presidential election campaign to fight off an increasingly plausible challenge from his leading right-wing rival, Mr Jacques Chirac, the neo-Gaullist RPR Prime Minister.



FRENCH ELECTIONS

One issue which has resurfaced is the old French bogey of immigration and the treatment of foreigners, especially North Africans.

Bundesbank rejects French ideas on EMS intervention

BY DAVID MARSH IN BONN

THE West German Bundesbank has issued a stiff warning, aimed above all at the French government, against further changes in the intervention and credit rules of the European Monetary System.

picture of the extent of reserve currency diversification by foreign central banks last year. In a dramatic widening of the reserve use of the D-Mark, the Bundesbank states that official reserve holdings of the D-Mark by foreign central banks and other monetary agencies rose by 42 per cent last year to dollar terms to \$81.7bn at end 1987 from \$57.7bn at end-1986.

Security lax in computer networks, says report

By Terry Dodsworth, Industrial Editor

SECURITY standards for computer network systems within the EC are lax and the European Commission needs to initiate moves to tighten them. This warning was made yesterday in a Europe-wide study which found security inadequate in virtually all the network organisations it examined.

Private TV legalised in Spain despite political opposition

BY PETER BRUCE IN MADRID

A LAW allowing private television channels in Spain finally passed Parliament yesterday despite bitter opposition. However, confusion remains about who will be permitted to operate the three franchises on offer.

W German exports to EC up 6% last year

By David Marsh in Bonn

WEST GERMANY exports to the rest of the European Community rose last year by 6 per cent in real terms as a result of strong EC economic expansion and the relative stability of the D-Mark against European currencies, the Bundesbank said.

Schlüter may call snap election over nuclear arms issue

BY HILARY MARSH IN COPENHAGEN

DEMOCRAT Prime Minister, Mr Poul Schlüter, is to consult the country's Nato allies over a resolution passed yesterday by Parliament which compels the Government to instruct the captain of visiting warships that Denmark does not accept nuclear weapons on its territories.

Brussels urges Yugoslav loan

BY DAVID BUCHAN IN BRUSSELS

THE EUROPEAN Commission will seek to persuade EC member states that it is in the Community's interest to tide over Yugoslavia with a bridging loan until its government receives money from the International Monetary Fund under a newly-negotiated standby arrangement.

Bonn wants key post at Airbus

By David Marsh in Bonn

WEST GERMANY has laid claim to the key post of finance director in the new executive structure of Airbus Industrie, the European airliner consortium whose management is due to be reshaped to cut costs.

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Genscher opposes early decision on N-weapons

BY DAVID MARSH

WESTPHALIAN SIGNS of political rapprochement between East and West Germany emerged yesterday with news that Mr Hans-Dietrich Genscher, the West German Foreign Minister, will give a landmark speech on East-West relations in the East German town of Potsdam in June.

Executive pay curbs lifted in Greece

By Andriana Ierodiakonou in Athens

THE GREEK Socialist Government has lifted restrictions on senior executive salaries in a wide range of public sector enterprises to try to attract badly needed managerial talent from the better paying private sector of the economy.

David Buchan in Brussels looks at the low-intensity institutional war over efforts to internationalize defence procurement

West Europeans are inching towards a common market in arms

QUIET MOVES are afoot to try to create something like a European common market in armaments. It is hardly surprising these moves should so far have been drowned out by the European Community's well-trumpeted plans to forge a single market in civilian goods by 1992.

De Mita under business fire

BY ALAN FRIEDMAN IN MILAN

THE Italian Government of Mr Ciriaco De Mita came under fire from industrialists yesterday, less than 24 hours after being sworn in.

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FINANCIAL TIMES Published by the Financial Times (Group) Ltd, 100 Brook Street, London W1A 2JX. Telephone: 01-633 7000. Telex: 940000. Fax: 01-633 7001. Second class postage paid at New York, NY. POSTMASTER: send address changes to FINANCIAL TIMES, 100 Brook Street, New York, NY 10017.

WASHINGTON FINANCE MEETING

IMF sees need for faster adjustment of world's trade imbalances

Philip Stephens examines the reports and deliberations of the International Monetary Fund and the Group of Seven

THE GROUP of Seven industrial countries this week delivered an impressive display of their determination to stabilise financial markets. The International Monetary Fund remains to be convinced that they will succeed.

In its latest Economic Outlook, the Fund says that the US, Japan and West Germany have made significant progress towards reducing their trade imbalances. US exports grew by 12 per cent in volume terms last year and, in 1988 and 1989 taken together, can be expected to rise by a further 36 per cent. Imports, which rose by 5 per cent in 1987, are expected to increase by 3 per cent in the following two years.

The pattern in Japan and West Germany will remain the reverse,

with import volumes rising much more rapidly than those of exports.

Those encouraging trends, however, have not persuaded IMF economists that the adjustment is rapid enough. The US current account will still show a deficit of about \$180bn in 1988, while the Japanese and West German surpluses will remain as high as \$75bn and \$46bn respectively. Little further improvement looks in sight.

In a series of detailed projections of the medium-term outlook, the Fund concludes that, on the basis of present policies and exchange rates, the trade imbalances will still be at unsustainable levels in 1992. In those circumstances, the financial

markets might yet impose their own solutions.

The central concern focuses on the implications of the imbalance. The risk is that overseas investment, that figure could rise beyond 20 per cent - equivalent to nearly \$1,000bn.

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	1987	1988	1989
US (GNP)	2.9	2.9	2.7
Japan (GNP)	4.2	4.1	3.8
West Germany (GNP)	1.7	1.7	1.7
France (GDP)	4.5	3.0	2.2
Canada (GDP)	2.1	1.6	1.7
Italy (GDP)	3.9	3.4	3.1
Main Ind nations	2.8	2.5	2.3
	3.1	2.9	2.7

New commodity index remains embryonic

AGREEMENT AMONG the Group of Seven countries to develop a new index of world commodity price trends has given financial markets yet another indicator to watch in the perpetual game of anticipating official policy. However, it may be some time yet before they know just what raw materials prices to observe most closely.

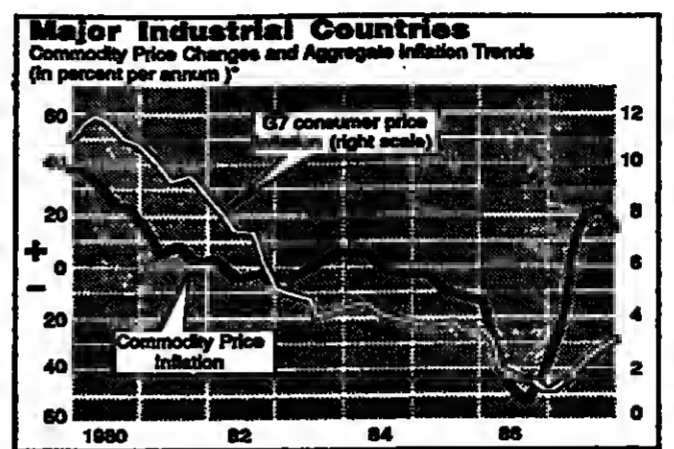
Supporters of a commodity price index as a modern equivalent of the gold standard will be disappointed. The US Treasury has made clear that, for the time being at least, it is not in the business of providing a new anchor for the international monetary system.

The index, in the much less ambitious wording of the Group of Seven communiqué, will provide "an additional analytical instrument" in international policy coordination. Any idea that a fall in commodity prices will instantly trigger lower interest rates, or vice versa, has been firmly squashed by several European governments, particularly that of West Germany. A US

price inflation over the last 30 years. The message, however, has not been consistently accurate either in showing a consistent lag between movements in the two sets of prices or in showing the same scale of movements in both.

The Seven have decided to construct a different index and have yet to agree exactly how it will be weighted as regards various commodities.

Some of the initial technical difficulties seem to have been settled. On the basis of work done by the US Federal Reserve, under examination is an index weighted according to the consumption of



Aggregates inflation is average of percentage changes for individual countries weighted by the average US dollar value of their respective GNPs over the preceding three years.

* Three-month moving average of percentage changes over the equivalent month of preceding year.

Domestic demand 'to lift Britain'

BRITAIN'S economy will continue to be buoyed this year by strong growth in domestic demand but a sharp widening in the current account deficit will act as an intensifying constraint on growth, the International Monetary Fund says.

The fund's latest Economic Outlook projects a growth rate for the economy this year of 3 per cent - down from the 4.5 per cent seen in 1987 but still slightly above the average for other industrial countries.

On that basis, the number of jobs in the economy should continue to rise and unemployment will fall further, albeit at a much slower pace than during last year. By 1989, the rate of joblessness should be just below 9 per cent, compared with the average of 10.4 per cent in 1987.

The fund's analysis of recent economic trends shows that Britain's growth performance in recent years has been significantly better than that of its European competitors.

However, it predicts that the current account of the balance of payments will record a deficit of \$7.3bn in 1988, up from \$2.8bn last year. In 1989 the current account gap may widen further to \$2.5bn.

That deterioration in the trade position and some slowing in domestic demand may cut the growth rate to 2.2 per cent in 1989.

The Fund is also less sanguine than the UK Treasury on the outlook for inflation. It brackets Britain with Italy and Canada as a country which has done less than most others to slow the pace of price increases. It predicts for the next two years that consumer price inflation will remain nearly static at between 4.2 and 4.3 per cent.

Developing nations urge rich to step up growth

THE Group of 24 developing nations yesterday warned that adjustment programmes in their economies had no hope of easing the debt crisis unless industrial nations did more to step up the pace of growth in their economies.

The Group, which includes many of the most heavily indebted nations, also urged western governments, commercial banks and international organisations to co-operate in reducing the existing stock of

prospect of a significant improvement in the outlook for debtor countries over the next few years was echoed in the International Monetary Fund's latest economic outlook.

The Outlook said that 1987 had seen the first significant fall in debt-export ratios of Third World nations since the onset of the debt crisis. It added, however, that the aggregate debt ratio of developing countries was likely to be 139 per cent in 1988, significantly higher than the 120 per cent recorded in 1982.

The total aggregate debt of the developing countries is estimated to have risen by about 8.5 per cent in 1987 to stand at \$1,190bn. The Fund also warned that the difficulties faced by debtor nations had created considerable "adjustment fatigue" among debtor nations, particularly in Latin America.

Concern among the developing countries about the economic outlook followed the strongest statement yet by leading industrial nations that there is no question of a general shift in their strategy to contain the crisis towards "debt forgiveness".

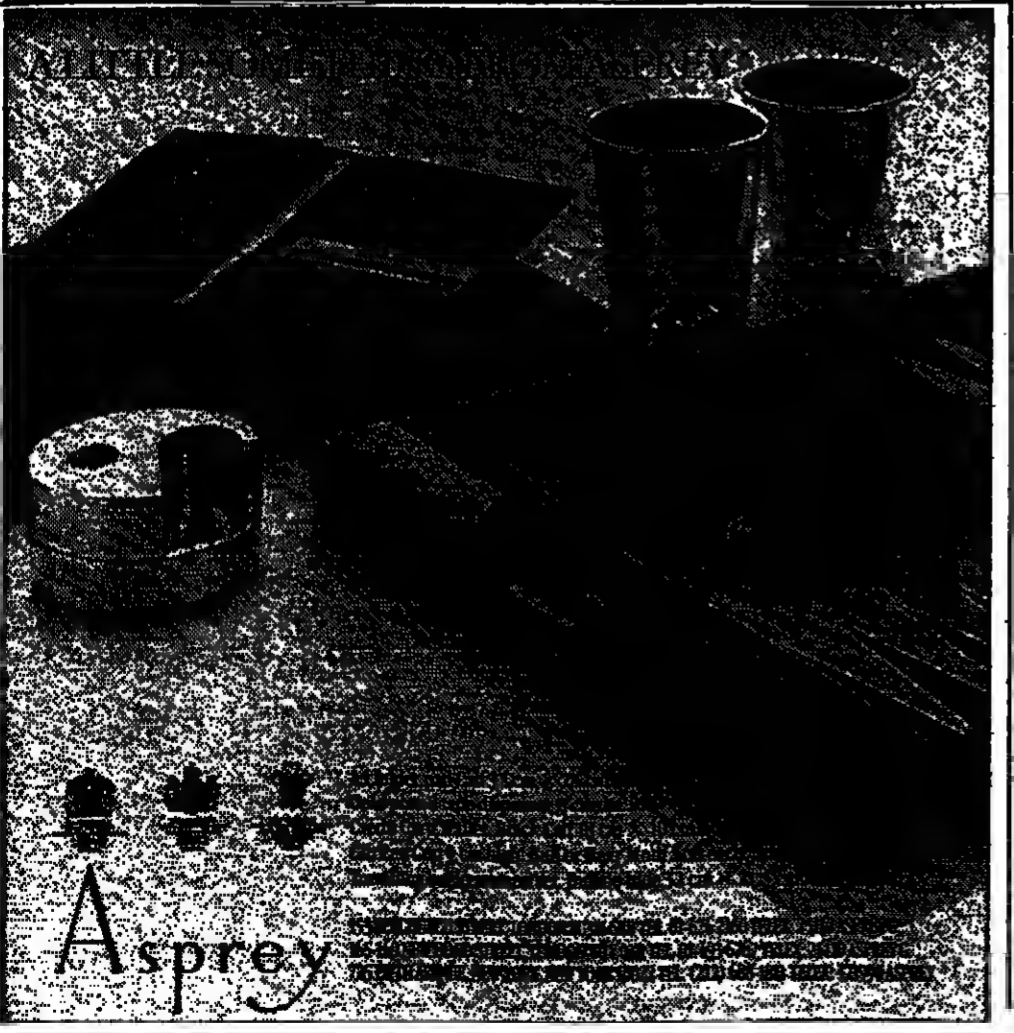
A US Treasury official said that a statement in the G-7 communiqué on Wednesday ruling out such an approach was designed to quash permanently suggestions that western governments should set up a new debt facility to buy commercial bank debt at a discount and pass on the benefits to debtor nations.



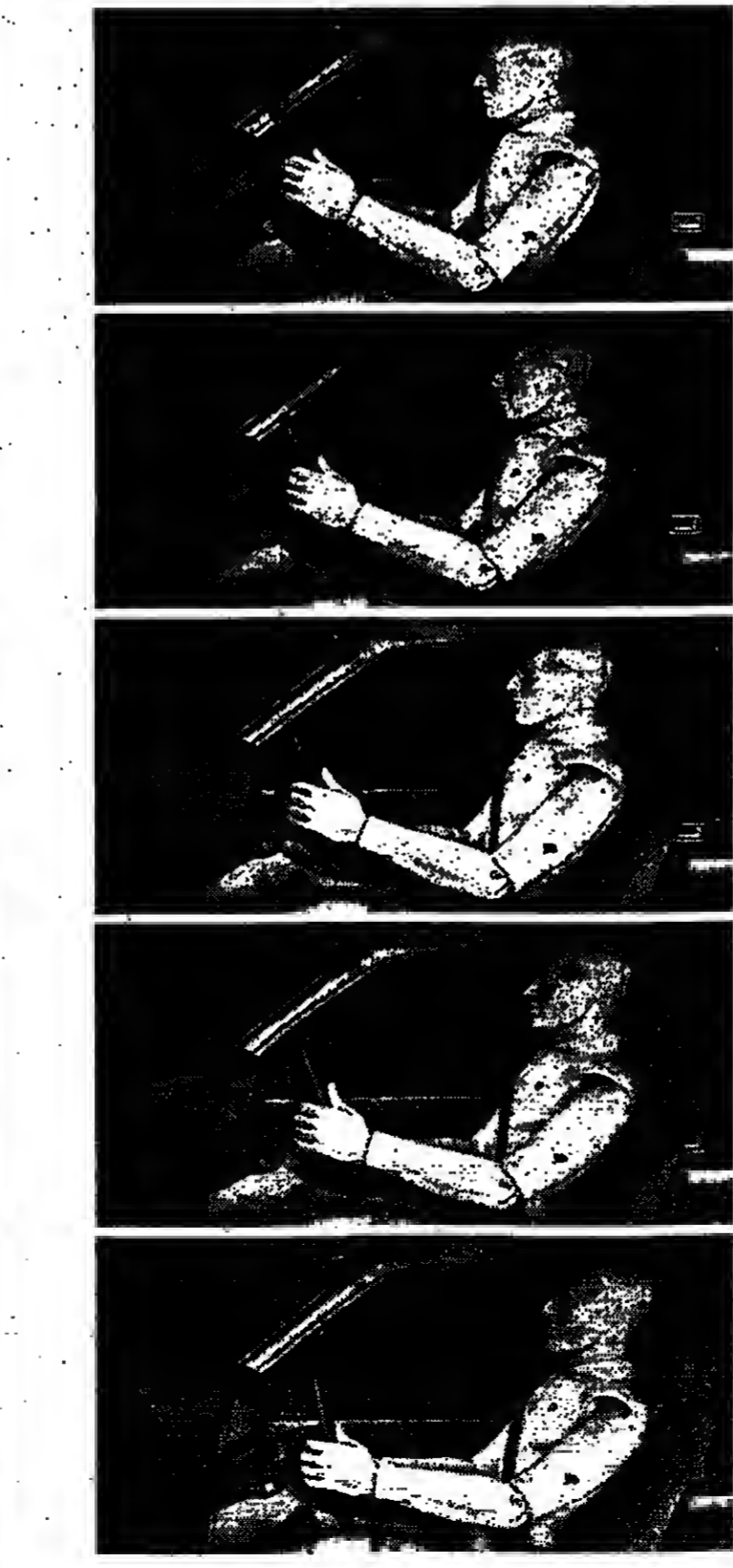
Lawson: No alternative debt and in reversing the present flow of resources from developing to developed countries.



Baker: Strategy stays continue to develop the "menu of options" available to debtor countries willing to undertake adjustment programmes.



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AMERICAN NEWS

Health bill victory boosts Dukakis campaign

BY LIONEL BARBER IN WASHINGTON

GOVERNOR Michael Dukakis of Massachusetts, the frustrated Democrat...

of the bill fully in the run-up to next week's pivotal primary election in New York.

residents who are uninsured. It would apply to both unemployed and employed workers...

with six or more workers to offer insurance to employees within four years or to pay a surcharge on unemployment insurance.

make they contribute on average 25 to 30 per cent of the cost.

The message of self-help is finding the ghetto in a mood to listen, writes Stewart Fleming

Jackson strikes a chord in New York's slums

MICHAEL MIRANDA is standing outside James Monroe High, an inner city ghetto school of some 2,000 mainly black and Hispanic students in the Bronx, New York borough which is without question one of the most lawless urban areas in the United States.

Hispanic. According to some estimates, between one third and one half of the students (and in some schools 50 per cent) drop out of school before they finish their education.

On the morning of Mr Jackson's visit to James Monroe High, the New York Times reported that the previous day, when the students at West Side High in Manhattan returned from their spring break they found the Principal, Mr Edward Reynolds, standing at the front door announcing a ban on gold jewelry.

By this he meant, the Times reported "thick ropes of gold worn around the neck, breast plates and ornate medallions as big as oranges."

He concedes that there are still problems; the drop-out rate is around 50 per cent. "We have to compete against a lot of things outside school."

GET YOUR BOARDING PASS 30 DAYS BEFORE YOU LEAVE HOME.

AND EVEN CHOOSE YOUR SEAT 11 MONTHS IN ADVANCE.



General strike paralyses Argentina's economy

ARGENTINA'S powerful labour unions yesterday brought economic activity to an almost complete halt with a 24-hour national strike against the Government's austere economic policies.

Canadian securities body faces major test

WITH a major insider trading probe now well into its second year, the Ontario Securities Commission (OSC) is in danger of losing an important investigative tool.

Colombia justice minister appeals over drug arrests

MR Enrique Low Murtra, Colombia's Minister of Justice, has appealed to the Council of State to restore orders for the arrest and extradition to the US of five top cocaine traffickers.

Entertainer wins mayoral contest

ENTERTAINER Sunny Bono is to become California's latest celebrity mayor. Following in the footsteps of such actors turned politicians as Ronald Reagan and Clint Eastwood, Mr Bono won a landslide victory this week in his bid to become mayor of Palm Springs.

Mining companies managed by Golden Dumps (PROPRIETARY) LIMITED

Reports of the directors for the period ended 31 March 1988. Includes financial statements for SOUTH ROODEPOORT MAIN REEF AREAS LIMITED, CONSOLIDATED ROODEPOORTEN REEFES LIMITED, and LEFKOCHRYOSOS LIMITED.

RANK XEROX

Darwin proved good ideas evolve from imaginative thinking. Now prove it for yourself.

This page from Darwin's notebooks gives some insight into how he developed his theories.



He worked in an unstructured way, the way we all work, scribbling notes haphazardly as he gathered information from around the world. The finches from the Galapagos Islands are



examples of the evidence he found, evolving to suit their own particular niche in the environment.

It took years of concentrated work and inspired thinking to come to his conclusions.



Imagine how much more quickly he would have reached them if information technology had been around to help him.

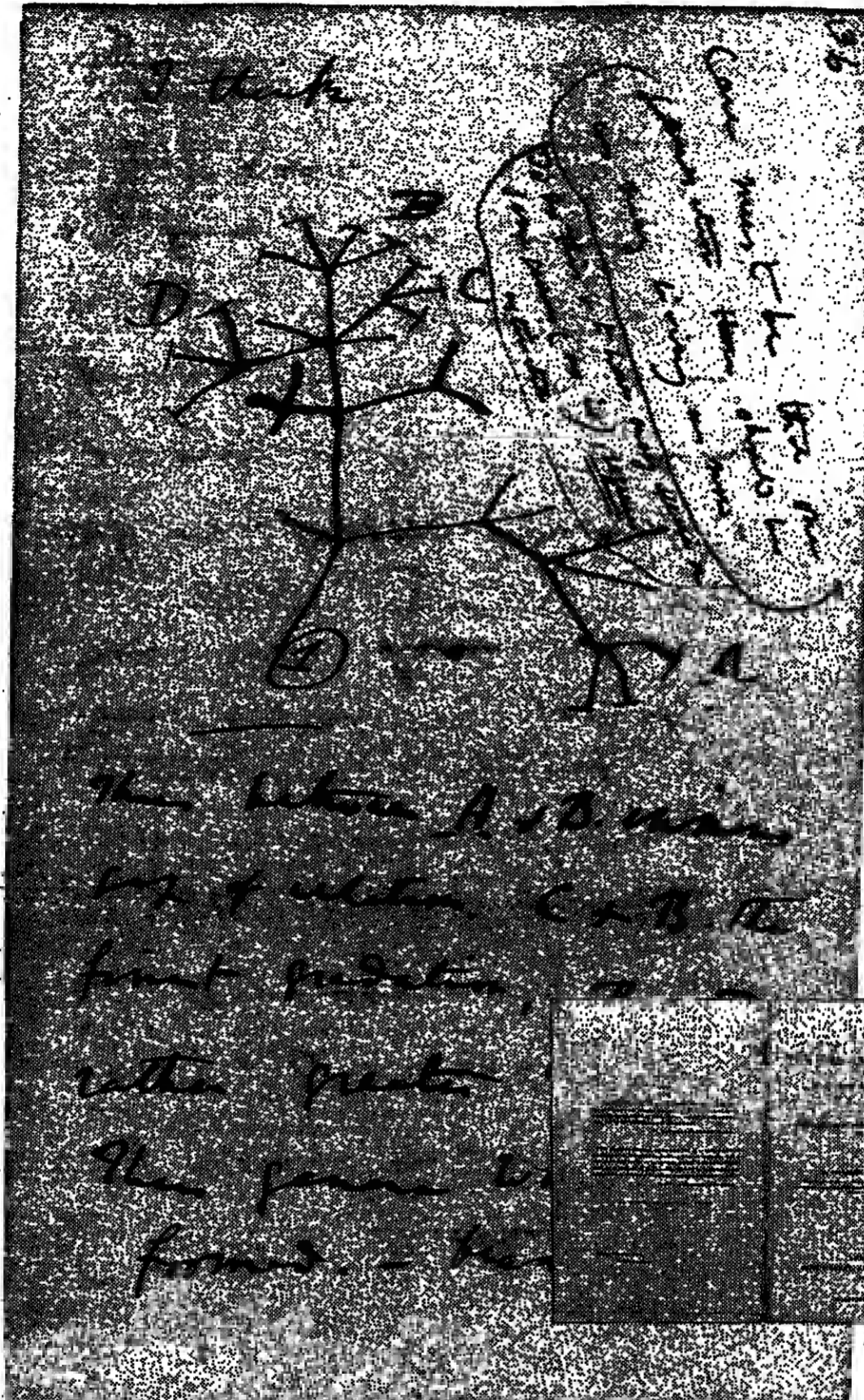
Or would it have hindered him?

In spite of all the advances made in information technology, it can still restrict the way people think, forcing



them into a structured work pattern. There's less room for the innovative ideas that drive your business forward.

Executives with the capacity to think imaginatively are overloaded with raw data, so much so that some prefer to work without it.



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Wouldn't it be better if information technology was harnessed, to allow for a more individual approach to working? After 20 years of research into this problem, Rank Xerox has a solution.

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simplifying the acquisition of information. The personal 'working desk view' is designed to take over from your desk. And make information technology work to your full advantage.

You can arrange all your information on it, so you can browse through it easily and discover the connections that could lead to innovative ideas.

More importantly, it brings together all your people, who can compare notes, share ideas and then go on to develop an

understanding of all the information they have at hand. It also enables them to see on screen exactly what they'll get in print,

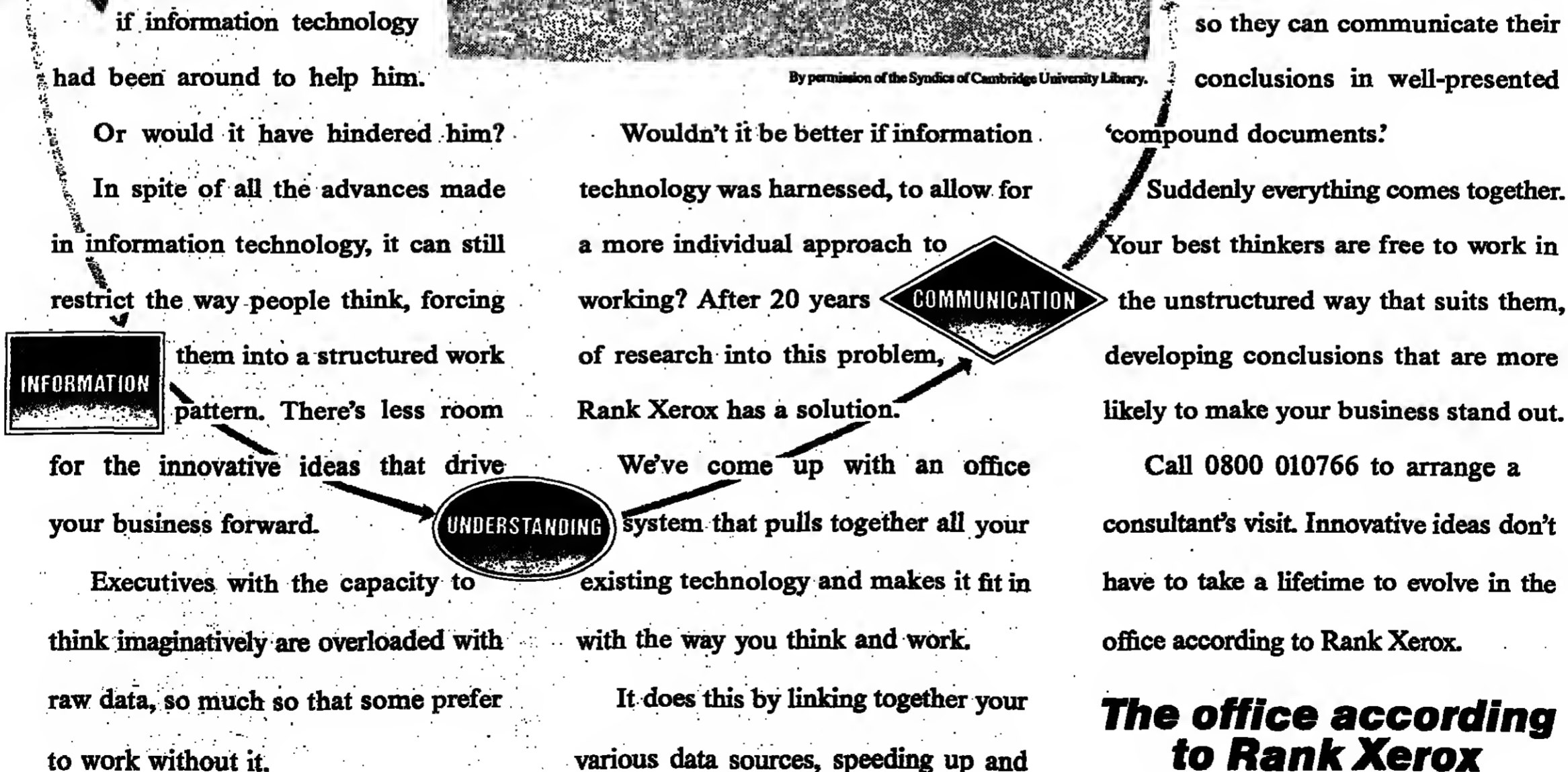
so they can communicate their conclusions in well-presented

'compound documents.'

Suddenly everything comes together. Your best thinkers are free to work in the unstructured way that suits them, developing conclusions that are more likely to make your business stand out.

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The office according to Rank Xerox



UN denounces Israel troops in West Bank as out of control

UNITED NATIONS officials fear that they may no longer be able to protect nearly 450,000 Palestinian refugees in the Gaza Strip entrusted to their care, unless the Israeli army is brought under control. Mr Bernard Mills, Director of the United Nations Relief and Works Agency (UNRWA) in the crowded enclave, yesterday denounced the army's tactics and behaviour. He complained that the soldiers "show no respect for human life whatsoever."

Four sailors hurt as US frigate hits mine in Gulf

FOUR SAILORS were injured yesterday when a US Navy frigate on patrol in the Gulf struck a mine, agencies report from Washington and Bahrain. Diplomatic sources in the region confirmed the explosion, although the Pentagon would only refer to an underwater explosion.

Algeria's powers of mediation put to severe test

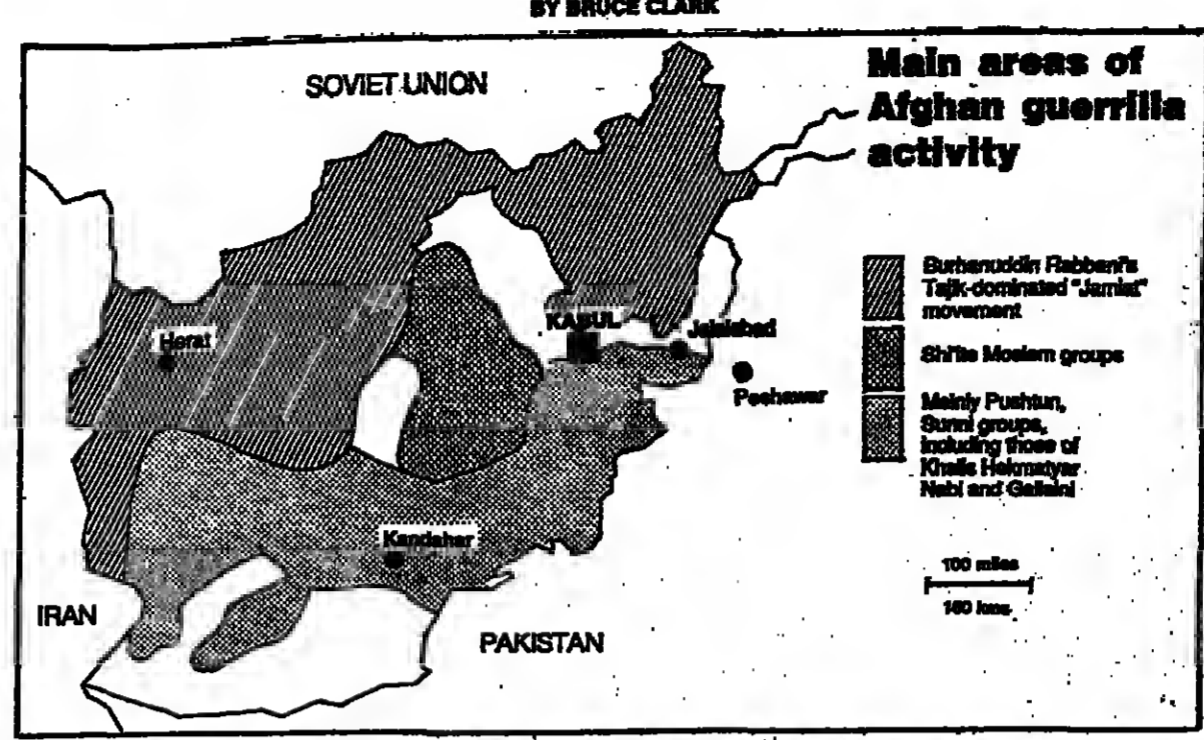
hard to present itself as a serious mediator, put its name to undertakings which so easily came unstuck? The reply to the first question lies in the potentially apocalyptic nature of developments at Larnaca airport on Tuesday. The hijackers, donning death shrouds, said they were prepared to blow up the aircraft if their demands for food were not met. This appears to have led to a flurry of communications between Cyprus - desperately anxious not to see another hijack massacre on its own soil after the disastrous airport shoot-out with Egyptian troops in 1976 - and Kuwait, leading to reluctant agreement by both countries to allow the airliner to fly on.

Fears rise over French hostages in Lebanon

ANXIETY over the fate of the three remaining French hostages in Lebanon has increased steadily as the hijack of the Kuwaiti airliner has dragged on. While few concrete details had emerged, hopes had risen in France for the release of at least two of the hostages held by an Iranian-linked terrorist group in

Soviet pull-out foreshadows war among victors

WHATEVER the superpowers do about supplying the Afghan clients, the war is almost bound to go on. The question is whether the rebels will stay together long enough for a joint assault on Dr Najibullah in Kabul, or start fighting each other first. Even if they do join forces to seize Kabul, a civil war among the victors could follow, and in any case divisions in the rebel alliance have deepened in recent weeks. Afghanistan's harsh terrain and fiercely independent history have left its people with little experience of effective central government. Loyalties to family, tribe and religious elders are traditionally much stronger than any affinity to the authorities in Kabul.



There have been complaints among the moderates that the fundamentalists have got the lion's share of military help from abroad; for example the Stinger anti-aircraft missiles that decisively altered the military balance in the rebels' favour are said to have reached the moderates several months after the fundamentalists received them. The fundamentalists, who favour a centralised Sunni state, are adamant in opposing the return of the king. The toughest, shrewdest and most controversial of their leaders is the 38-year-old Mr Gulbuddin Hekmatyar, current spokesman for the alliance and apparent winner of a bitter inter-alliance dispute that came to a head last month. He has been waging guerrilla war in the name of a Sunni state since before the monarchy was toppled 15 years ago. Also in the fundamentalist camp is the septuagenarian cleric Mr Yunis

and deeply divided by the "moderates", in particular Mr Mojibullah. The two men are reported to have trained guns on each other at a recent alliance meeting. Mr Olivier Roy, a French expert on Afghanistan, believes it was Pakistani army pressure that precipitated last month's inter-alliance crisis and propelled Mr Hekmatyar, their favoured son, into the leadership. Mr Roy believes that if an alliance among the seven groups were somehow preserved, the Najibullah regime could crumble without a fight; but the fundamentalists, he maintains, fear a united Afghan movement that could revive claims to a greater "Afghanistanism", embracing the North-West Frontier Province. Rather than see a gradual takeover of Afghanistan by a unified guerrilla movement, Pakistan would prefer a quick assault on Kabul by Mr Hekmatyar, in Mr Roy's view. It is not clear that such an attack could succeed, he says, given that Moscow is pumping in supplies, and the Kabul regime can probably count on 50,000 loyal fighters. As the situation grows more fluid, the balance of power may move away from the political leaders to Peshawar and the best-known of these are Mr Ahmed Shah Masood, Mr Ismail Khan, and Mr Abdul Haq. But the influence of Mr Hekmatyar in particular appears to be on the increase, and he is likely to remain an object of bitter controversy, blamed by some moderates for inter-factional killings and hijacking his rivals' supplies. While the Peshawar groups enjoy blazing publicity, much less is known about the activities of the smaller, pro-Iranian Shi'ite guerrilla groups operating west of Kabul. These groups, fiercely critical of the Peshawar fighters for their links with the US, are scarcely in a position to make a bid for power. But whatever emerges as the new regime in Kabul, there is no reason to believe that the Shi'ite Hazaras will happily settle down to being underdogs to the Pashtuns.

Blow for Zia in failure to secure stable Kabul regime

PAKISTAN faces a period of uncertainty and potential instability following the signing of the accord. The pact may create more problems than it solves for this sensitive Moslem buffer state. And it marks a rare diplomatic defeat for General Zia ul-Haq, the country's astute president. Pakistan has wanted a regime in Kabul which will be strong, stable, and sufficiently independent of the Soviet Union to bring peace. It has hoped that such a regime would lead to the 3m to 3.5m Afghan refugees in Pakistan going home, and that it would reduce the risk of violent disturbances in border areas which could spill over into Pakistan. It was to achieve these aims that Pakistan called for the establishment of an independent interim government before any agreement was signed in Geneva. But Pakistan's hopes were dashed by vetted threats that Soviet-Afghan forces would stop up the bombing of border areas. There was considerable domestic political mistrust of the interim government command because opposition politicians in Pakistan and many independent observers believed, justly or unjustly, that President Zia was merely trying to delay a settlement. President Zia's regime has survived on the Afghan border because it has brought substantial US defence and economic aid, which has helped to keep the armed forces happily equipped with modern weapons as well as helping to finance a fragile economy. But while President Zia might not want a settlement, domestic pressure has mounted for the refugees to go home. Their presence in the country, and the use of Pakistan as a arms supply route to the Mujahideen guerrillas, has helped to develop major problems of drug addiction and an easy supply of guns. This has led to rapidly increasing lawlessness and ethnic unrest, especially in the southern city of Karachi and the surrounding province of Sindh. But it is far from clear whether such problems will now be eased. The drug trafficking from Afghanistan might not decline, and the flow of guns into Pakistan's open arms bazaars might increase rather than decrease if the Afghan fighting does slow down. (This is also worrying neighbouring India because sophisticated weapons meant for the Mujahideen are now being obtained by Sikh extremists. Pakistan might also find it harder to persuade the US Congress to continue its approval of annual allocations from a new \$4,000 six-year package. The US Government might merely want to switch more money from defence to economic aid. But the US Congress is likely to take a tougher line and increase its opposition to the aid because of widespread suspicion that Pakistan is developing nuclear weapons. Pakistan's most important immediate problems, apart from the future of the refugees, concern the continued use of its territory by the US for military supplies to the Mujahideen, and the security of its border area with Afghanistan. The US is expected to continue supplying weapons as long as the Soviet Union arms the Kabul regime. But Pakistan fears reprisals if it allows these arms to be passed on to the Mujahideen - as it will have to do. It cannot afford to upset the guerrilla leadership who could easily cause disruption within Pakistan. The border is defined by the Durand line, which was drawn arbitrarily by the British in 1863. Afghanistan has never accepted the line and provocatively raised its claims recently in Geneva where Pakistan had hoped that the issue would be settled as part of the accord. Now Pakistan fears that demands will be revived by the Pashtuns, who live on both sides of the border, for the establishment of their long-standing dream of Paktoonian unity to include a substantial part of Pakistan's North West Frontier Province. That would seriously destabilise the border areas, which might in any case be affected by the continued fighting and the resulting killings as the Soviet troop withdrawal.

MAIN POINTS OF THE PACT

- THE COMPLICATED, sometimes ambiguous, arrangements for the departure of Soviet forces from Afghanistan are detailed in three agreements and a brief declaration of guarantees by the US and Soviet Union signed in Geneva yesterday. An accompanying memorandum spells out the UN's role in monitoring their implementation, writes William Dullforce in Geneva. Under an agreement on "the principles of mutual relations, in particular on non-interference and non-intervention", Afghanistan and Pakistan undertake to order their future behaviour. Among 18 specific obligations each undertakes: 1. To respect the other's right freely to determine its own political, economic, cultural and social system... without outside intervention, interference, subversion, coercion or threat. 2. To refrain from threat or the use of force... to overthrow or change the political system of the other. 3. To ensure that its territory is not used in any manner which would violate the sovereignty, political independence, territorial integrity and national unity of the other. 4. To refrain from armed intervention, subversion, military occupation or any act of military, political or economic interference in the other's internal affairs. 5. To refrain from the encouragement or support of rebellions or secessionist activities against the other. 6. To prevent within its territory the presence, harbouring, in camps and bases or otherwise organising, training, financing, equipping and arming of individuals and groups for the purpose of creating subversion, disorder or unrest in the territory of the other. Each undertakes to prevent the use of mass media and the transportation of arms, ammunition and equipment by such individuals or groups. A second bilateral agreement spells out the arrangements for the voluntary return home of all Afghan refugees in Pakistan. It stipulates that all returnees should enjoy free choice of domicile and of movement in Afghanistan, the right to work, to adequate living conditions and to participate on an equal basis in the country's civic affairs. The returnees should be ensured equal benefits "from the solution of the land question" and should enjoy the same rights and privileges, including freedom of religion, as other citizens. The Soviet pull-out is to start on May 15. One half of its troops must leave by August 15 and the rest within nine months. The two countries agree in a memorandum of understanding to allow a representative of the UN Secretary-General every facility for monitoring compliance with the agreements.

Deafening silence as damage limitation starts in Moscow

THE REACTION of Soviet citizens to the problem of what happens next in Afghanistan is remarkable only for its absence. Even the mighty Pravda, organ of the Communist party, could only manage a feeble comment yesterday that it was "too early to say" whether the Geneva agreement on an end to foreign intervention would actually bring peace to Afghanistan. Western observers in Moscow are convinced that Mr Mikhail Gorbachev, the Soviet leader, and his foreign policy advisers, know that they cannot guarantee the survival of President Najibullah without the presence of Soviet troops to support him. Nor do they believe that Moscow has any realistic alternative leader in mind to ensure the continuation of a reliable pro-Soviet regime. On the other hand, there is little doubt that the Soviet Union would like to buy as much time as possible for its ally, by shipping in large quantities of arms and material in recent months, leaving behind much of the equipment used by the Soviet troops themselves, and backing him up with the continuing presence of civilian - political and security - advisers. The clarity with which Mr Gorbachev returned to his official duties for starting the withdrawal - May 15 - in spite of the delay in getting the Geneva agreement signed, and the failure to get a US commitment to cut off all supplies from the Afghan guerrillas, suggests that his overriding priority has been to get moving before the East-West summit, regardless of the consequences for Dr Najibullah. Soviet leaders, without any apparent restriction themselves to the thought that it is now up to the Afghans themselves to decide what sort of regime they will have. "Now the Afghan people themselves can decide the question of their government and their future, without any pressure from outside," foreign affairs analyst Pavel Demchenko wrote in yesterday's Pravda. "That is most important." But one Western diplomat in Moscow says: "It is a major defeat for them, but they are managing to make it look like a victory one. They are now involved in a large-scale process of damage-limitation." Whatever regime emerges in Kabul, Moscow's aim will be to return to its traditional policy of good neighbourliness, the commentators say. Two senior figures - Mr Gennady Gerasimov, the government's chief spokesman, and Mr Yevgeny Primakov, director of the Institute of World Economy and International Relations - have ruled out any renewed intervention in recent statements, and Moscow observers believe them. "They have accepted the fact that there is a different type of regime. They must even have accepted the risk of a fundamentalist Islamic regime. But they have learned to live with the Iranian regime," according to one European diplomat. They have to choose between living with unpredictable instability, or predictable instability. Afghanistan has always been the latter, and will probably continue to be. They just want to be sure that it does not continue to be the former."

Dilemma as 5 million refugees contemplate returning home

A FEW weeks ago, as the Geneva talks were starting, officials dealing with the 3m to 3.5m Afghan refugees in Pakistan were relatively confident that at least 80 per cent, and maybe 90 per cent, would want to go home quickly after a settlement. Now, as they examine the details of this week's deal with its risk of continued fighting and unrest, they are not so sure. It is likely the refugees will be torn as to what to do. There will be an instinctive desire to respond to the tribal pull of their mountainous home lands and pack up their mules, carts, ancient lorries, and garishly painted buses and hurry back. But many of the older tribal and village leaders, who still wield authority, will fear that families could be killed in continued fighting, either on the journeys of up to 800km to 900km, or when they arrive. So they will probably first send scouting parties to report on what is really sure how the refugees will react. Pakistan wants them to go, but will not hurry or harass them unduly. Forecasts by refugee experts in Pakistan for the numbers likely to go by the end of this year vary from 500,000 to 2.5m, with the total exodus taking between 18 months and two years. But most agree that only about 10 per cent, or maybe even less, will want to go at all - and they may change their mind if the Pakistani police, government officials and people make their lives difficult. There are about 5.5m Afghan refugees outside Afghanistan, including 2m in Iran and 500,000 scattered in the US, Europe and elsewhere in addition to those in Pakistan. Estimates suggest that there are as many as 3m to 4m more displaced inside Afghanistan, which means that the true refugee total is well over 50 per cent of the country's population of 15m when the Soviet troops arrived in 1979. So the eventual return will be the biggest migration since the bloody partition of India and Pakistan in 1947, when 15m people are estimated to have been on the move. But those Hindus and Muslims were moving between established viable economies: the Afghans will be returning to a country where at least half the villages, roads, irrigation and drinking water systems, and other infrastructural props of an agricultural economy have been devastated by war. The US Government this week asked for a massive international aid effort, probably co-ordinated by United Nations organisations, to help the resettlement. Agencies such as USAID, the UN High Commission for Refugees, and the Pakistani embassy have started working on outline plans for helping to transport, house, and feed the refugees and provide health care. This will be needed both on the return journeys, which will vary from quick two-day trips to arduous 800km to 900km treks, and when the refugees arrive in their villages. Mr Kevin Lynette, chief of the UN refugee commission in Pakistan says: "First we shall need an emergency rehabilitation programme to get people and their families back on their feet. Then there will have to be a massive development effort by the international community, possibly continuing for years. The last thing anyone wants is a famine that could drive the people back across the border into Pakistan, with all the political unrest that could cause in a country which will assume it has bid the refugees farewell.

Iran manoeuvres to retain war supplies

THE accord coincides with a delicate phase in the Soviet Union's relations with another country which shares borders with it and Afghanistan, namely Iran. It also has crucial and surprising implications for the United Nations effort to end the Gulf war. Although it was not directly involved in United Nations efforts to end Soviet involvement in the country, Iran could not fail to be an important player in the manoeuvring that has led to Moscow's decision to withdraw its troops, and in the aftermath. It has up to 2m Afghan refugees on its soil, a burden second only to that suffered by Pakistan. The revolutionary Iranian leadership, whose official demagoguery has traditionally ranked the Soviet Union second only to the "Great Satan", America, has also been a key supporter of the Mujahideen opposition. It has itself been no slouch when it comes to interfering in Afghanistan's internal affairs, playing Mujahideen factions off against one another and building links with the country's Shia Moslems, believed to constitute between 10 and 15 per cent of the population. This week, the Islamic republic has welcomed the Soviet withdrawal as long overdue, but has made clear that it has no intention of reducing pressure on the "puppet regime" the Soviets are leaving behind in Kabul. Behind the scenes, however, Tehran has been playing a typically clever game by indicating its willingness to assist the Soviets in leaving Afghanistan, provided Moscow plays ball by not agreeing to Western efforts to impose an arms embargo on Iran over its refusal to cease hostilities in the war against Iraq. This carrot is accompanied by an important stick, since Iran can make life very difficult for the withdrawing troops in the next nine months. This has clearly been a big factor behind Soviet unwillingness to proceed to an arms embargo to follow up UN Security Council resolution 596. Western and Arab diplomats now accept there is no chance of such a sanction soon.

US and Soviet Union agree to boost trade

BY QUENTIN PEEL IN MOSCOW

THE US and Soviet Union yesterday agreed modest measures to boost bilateral trade, although political relations will still deter the trading partners from the two for the foreseeable future. The agreement came at a trade promotion conference in Moscow.

The official steps include encouraging potential importers and exporters to use the other country's trade offices, expanding the number of trade missions in each direction, holding a series of legal seminars to promote understanding of both sides' commercial legislation, and improving the facilities for business representatives trying to import and export between the two superpowers.

The two sides have also agreed to include the promotion of commercially-viable joint ventures in their overall trade agreement, and to set up working groups in areas the Soviet Union is keen to

expand: oil and gas equipment, construction equipment, medical supplies, and consumer goods.

Mr William Verity, US Secretary for Commerce, who led the US team, stressed above all the US concern about human rights in the Soviet Union, and particularly emigration of Soviet citizens, which, he said, would have a "direct effect on our ability to take steps that will expand trade."

He also insisted that protecting American and Western security will "continue to govern expansion of that trade" - stating that the US export controls on strategically-sensitive technology were not discussed at the talks.

Mr Verity ruled out Soviet membership of the General Agreement on Tariffs and Trade on the grounds that it was not a "market-oriented economy", but said the question of most-favoured nation status for the USSR "will continue to be discussed and reviewed".

Market burden 'hits car makers'

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

THE fragmented West European market imposes an extra costs burden on a European-based volume car maker of as much as \$300m (\$444m) a year, according to a study by the Motor Industry Research Unit of the University of East Anglia.

In addition, border controls and the absence of a harmonised system of car taxation distort and depress car sales, the report says.

It adds that the harmonisation of value-added tax and car purchase taxation at a level of 14 per cent would increase total car sales volumes in West Europe by 1.5m units or 13 per cent a year.

"Such a fragmented market penalises European motor manufacturers as well as consumers, preventing the minimisation of production and development costs, and restraining demand."

European car makers, particularly in France and Italy, are becoming increasingly vocal in calling for protection against car imports, particularly from Japan, but also from South Korea and Taiwan, if existing EC quotas and restraints are removed after 1992 - the European Community's target date for the removal of internal trade barriers.

The study points out that the creation of a single EC market would stimulate competition not only between European manufacturers but also between European and overseas producers.

"Although the overall effect of greater competition could be expected to be beneficial, it would have a negative effect on weaker manufacturers, and in extreme cases might force manufacturers out of business."

In studying the cost implications of the removal of barriers to trade and the elimination of market distortions, the report goes beyond the EC's immediate programme for 1992.

It maintains that considerable benefits would be gained by introducing wider harmonisation and by extending the benefits of a homogeneous market to the European Free Trade Association.

The report adds that to achieve an effective internal market it is also vital to have:

- currency stability and the free movement of capital,
- the elimination of selective state aid,
- the establishment of veritable European enterprises,
- liberalisation of the transport market.

The report claims that the biggest cost savings to be won by European car makers would come from a harmonisation of

technical standards.

For a European car maker selling around 1.5m units a year - the Volkswagen group which led the West European sales league had sales last year of around 1.85m units, while Renault in sixth place had sales of 1.51m - and exporting 770,000 units within the EC, the saving in this area alone would be some \$300m.

The cost of existing border controls for such a manufacturer is estimated at \$175m a year.

The study says that by eroding existing barriers in the European market, the internal market would tend to harmonise car prices and consequently raise the level of competition in Europe.

A *Single European Market - An Automotive Perspective*, published by The Motor Industry Research Unit, in association with the University of East Anglia, £195 (1987).

Japanese reluctant to swallow plan for liquor tax reforms

BY CARLA RAPAPORT IN TOKYO

JAPAN'S efforts to reform its liquor taxes are not proceeding smoothly, according to a top EC official in Tokyo yesterday.

The issue of liquor tax reform has been one of the hottest controversies between Europe and Japan over the past few years.

Last year, the Gatt ruled that Japan's tax structure discriminated against imports and Japan accepted the ruling. It has since told UK and Commission officials that the matter will be settled by the end of this year.

Mr Jos Loeff, the EC's Deputy Director-General for External Relations, said yesterday that the Japanese appeared set to comply with only part of the ruling, which would not satisfy Brussels.

Following talks with government officials this week, he added: "The feeling which I have and the mood in Brussels is that they will not fully abolish the unfair taxes."

This statement contrasts with that of Lord Young, UK Minister for Trade and Industry, who was in Tokyo last month. He then said the matter of liquor tax reform would be solved this year.

Late last year, Mr Sosuke Uno, Japan's foreign minister indicated to Mr Willy de Clerck, EC commissioner for Foreign Affairs, that a concrete plan for liquor tax reform would be in place before the Economic Summit in June.



Mr Uno: concrete plan

Nonetheless, Mr Loeff yesterday expressed extreme concern about the matter. "They still don't grasp the importance of this issue," he added. "I'm very much afraid there could be a misunderstanding in this field."

The matter, however, arises against a background of improving trade between Europe and Japan.

The other issues which the Community is still pursuing with Japan are reform of its tax structure for large cars, equal treatment for European companies on public works projects and, most recently, talks on over-capacity in shipbuilding.

Korean Air in \$1.5bn deal for 10 Boeing aircraft

BY MAGGIE FORD IN SEOUL

KOREAN Air is to buy 10 Boeing 747-400 jet aircraft in a deal worth \$1.5bn (\$230m).

The order was announced in Seoul yesterday by Mr Cho Chung Kum, president of the airline, and Mr Frank Shrontz, chairman of Boeing of the US. The aircraft will be delivered over the next three years at the

Belgians to help build parts for new Airbus

BY MICHAEL DONE, AEROSPACE CORRESPONDENT

BEAIRBUS, the Belgian company set up to work on wing components for the Airbus A-310 and A-320 airliners, is also to help build parts for the new Airbus A-330 and A-340 airliners.

Belairbus comprises three Belgian companies of Sonaca, Asoo and Watbea, and its share of the A-330/A-340 programme will

Norway, Belgium sign agreements over gas

BY KAREN FOSSLI IN OSLO

NORWAY and Belgium yesterday signed agreements covering the trading of Norwegian gas from the Troll and Sleipner fields in the North Sea, and a convention which allows participants in the project to avoid taxation by both countries.

In 1986, Norway secured a gas sales agreement with a consortium of European buyers to supply 450bn cubic metres (bcm) of gas over a 30-year period. The deal has been expanded to include Austria and Spain bringing total supply up to 610 bcm and investment to NK65bn.

Signing the treaty, Mr Frits Aerts, the Belgian Energy Minister,

presented his Norwegian counterpart, Mr Arne Oeien, with a list from Belgian companies which hope to win contracts for the project's Zeepipe, which will transport the bulk of the gas supply to the Continent. It is to span some 800km of the offshore continental shelves of five countries - Norway, Denmark, West Germany, Holland and Belgium.

Distrigaz, the Belgian state gas company, will hold a 51 per cent stake in a terminal at the landing site. The Norwegian Zeepipe group will own the remaining shares in the terminal which is to be operated by Statoil, the Norwegian state oil company.

Australia, NZ make the Chile connection

AUSTRALIAN and New Zealand companies have responded enthusiastically to Chile's drive to attract foreign investment. At least six companies over the past two years have been attracted by Chile's cleverly-devised incentives, ignoring domestic criticism of General Augusto Pinochet's human rights record.

The catalogue of Antipodean companies interested in Chile is headed by Broken Hill Proprietary, the minerals, petroleum and steel giant which is Australia's largest company. BHP owns 50 per cent of the world's biggest undeveloped copper ore body at Escondido, high in the Atacama Desert of northern Chile.

This stake was acquired when BHP bought Utah International, the US minerals group. Last month BHP and its main partners, RTZ of the UK and Mitsubishi Corporation of Japan, signed a foreign investment contract with the Chilean government.

A month earlier they signed letters of intent with Japanese, West German and Finnish owners for most of the mine's output, and are finalising funding of \$4.1bn to develop the mine.

Mr Alan Bond, one of Australia's most mercurial entrepreneurs, is also involved in Chile. His personal gold company, Dalhold Resources, acquired the 240,000 ounce-a-year El Indio mine in Chile when it bought the US company St Joe Gold from Fluor Corporation last August for US\$50m.

Then at the end of last year his Hong Kong-listed group, Bond Corporation International, won the chance to buy a 50 per cent stake in Chile's national telephone company for a reported \$112m.

The sale is part of the government's privatisation programme, and Mr Bond is expected to raise his stake to 45 per cent by subscribing to a US\$150m rights issue. Speculation has also grown that Mr Bond will place a satellite above South America to carry both telecommunications and broadcasts.

In another recent deal, Ansett Airlines, the Australian airline jointly owned by Sir Peter Abeles' TNT transport group and Mr Rupert Murdoch's News group, signed a technical and management consulting services agreement with Ladeco, Chile's largest private enterprise airline.

Ansett has also negotiated a two-year lease with Ladeco for two Fokker F-27s. But it says it cannot confirm or comment on reports in Australia that it has taken an equity stake in Ladeco.

In many ways the New Zealand interest in Chile is even further advanced than Australia's.

• Carter Holt Harvey, a New Zealand forestry, fishing and building products group, has moved furthest. In 1986, it joined with the Angelini group in a new medium density fibre plant in Chile.

Later that year it invested \$164m in another joint venture with Angelini called Los Andes



Bond: raising stakes?

Development and Investment. This in turn purchased 83 per cent of Compania de Petroleos de Chile (Copeco), a major Chilean forestry and fishing company with sales running into hundreds of millions of US dollars.

• Fletcher Challenge, New Zealand's largest company, spent US\$50m in late 1986 buying a 50 per cent share in a Chilean forestry company and newsprint mill. It has the option of increasing its stake to 100 per cent or converting it to 51 per cent with the right of management.

In the second of two articles on Chile, Chris Sherwell looks at Australasian investment there

• The New Zealand Dairy Board has bought a private company called Anagra from the Angelini group. This in turn controls a majority of Soprole, a dairy company which manufactures and distributes dairy products throughout Chile.

Anagra is also involved in the manufacture and sale of edible oils and the import and sale of fertiliser products.

Although much of this trans-Pacific activity seems novel, the connections between Australia and New Zealand, on the one hand, and South America (particularly Chile) on the other, are of long standing.

By the early 1900s Chile was the third most important destination for ships from Australia after Britain and New Zealand. But this changed after the Panama Canal opened in 1914, when trade diminished rapidly.

Although Australian trade with Chile had picked up again by the early 1970s, it fell off because of trade bans imposed by Australian unions after Gen Pinochet's ouster of the left-wing Salvador Allende in 1973. Since these were lifted, trade has recovered to \$850m a year, evenly balanced.

Australia and New Zealand's Labor Governments have been prominent critics of Chile's human rights record. But they have never sought to hinder their companies' investment in Chile.

On Wednesday, Mary Helen Spence gave a view from Santiago on Chile's drive to attract foreign investments.

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UK NEWS

GOVERNMENT BLOCKS TRUSTS TAX MANOEUVRE

Capital gains loophole closed

BY RICHARD WATERS

THE GOVERNMENT is to close a loophole created by last month's Budget which has already been used widely by taxpayers seeking to avoid huge amounts of capital gains tax.

involved in two cases "involving millions", one of which was still being organised yesterday morning before the Bill was published.

Tories overcome defections to win debate over dental charges

BY TOM LYNCH

A SIZEABLE rebellion over Government plans to introduce a charge for National Health Service dental examinations failed to make a big impact on the Government's majority in the House of Commons last night.

In Brief Jaguar sales up 21% in quarter

Jaguar sales this year rose 21 per cent to 11,997 cars in the first three months, the company's best ever first quarter performance, writes Kevin Doan.

Tories draw sting from poll tax measures

BY PETER RIDDELL, POLITICAL EDITOR

ONE MILLION more people on low incomes will receive some help with paying the proposed community charge, or poll tax, which is intended to replace the present rating (property tax) system under four-yearly Government concessions announced last night.

and the signs last night were that it was succeeding in this aim. Apart from the 1m more people brought into the rebate net, about 4m who are already eligible for help will now pay less.

Forgings group in buy-out talks

MANAGERS AT Sheffield Forgemasters, the sole British supplier of the forgings and castings used in the manufacture of the engine and gearbox for the Ford Transit, are discussing a buy-out of the company, which is jointly owned by the British Steel Corporation and Johnson & Firth Brown.

Refuge Group logo and title: CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS TO BE PRESENTED TO THE ANNUAL GENERAL MEETING TO BE HELD ON 6th MAY 1988.

Chairman and Chief Executive

This is my first statement as Chairman of Refuge Group PLC. Mr. P.W.D. Smith indicated to the Board during 1987 that he wished to relinquish the Chairmanship of the Group at the end of the year after 12 years as Chairman of Refuge Assurance and latterly of the Group.

reversed spectacularly on "Black Monday", October 19th, triggering record falls around the world. The recovery in the UK left equities marginally ahead over the year.

On 4th January 1988, the Group acquired the entire share capital of estate agents Douglas Allen Spiro and IFICO Estate Agencies Limited.

The record level of reversionary bonuses has again been maintained. Changes to the level of terminal bonuses provide additional benefits for longer term policies.

imposed by the Financial Services Act. Premium income for the year totalled £4.2m (16 months in December 1987) and the profit after tax was £55,000 (16 months in December 1987 £28,000).

Marketing

For the second consecutive year, the Home Service Arm of Refuge Assurance exceeded the combined Ordinary Branch and Unit-Linked Sales Target by a considerable margin and included a welcome advance in premium business.

1987 will be remembered, however, principally for October's equity market collapse. While it may be many years before its full significance can be seen clearly, the passing of six months already offers a slightly different perspective from that of many investors at the time.

There is enclosed with this Report and Accounts a notice of three items of special business to be considered at the Annual General Meeting. The first concerns alterations to the Company's Share Option Schemes to bring them into line with recent changes in legislation.

The year showed a gratifying improvement in the claim ratio in Motor Insurance from 105% in 1986 to 99% in 1987. Risk premium in 1987 was 65.15%. The improvement is attributable to the main in substantial increases in premiums; rates were increased sharply in March and July (and further from January). Risk premium will steadily be increased to contain claims expenditure.

During the year, Refuge Properties Limited, the property development subsidiary, successfully completed and sold two retail developments in Cheltenham and Secord, producing a combined profit before tax of some £170,000 on costs of £291,000.

Administration

A considerable amount of time and effort was given to planning and implementing the move to Refuge House, Wilmslow. Whilst there were teething problems, the move was successful and moved in three phases and all staff co-operated well in new surroundings.

The retirement of Mr. Smith as Chairman with effect from the end of 1987 has led to a number of changes to the Board and Senior Management. My place as Deputy Chairman has been taken by Mr. V.G. Rasmussen and Mr. J. Cudworth has become Deputy Chief Executive.

As indicated last year, this Company offers unsecured loans to existing Group customers; its operations have now been extended nationwide. In addition, we are offering introductions to commercial mortgage facilities in selected areas.

At the year end, Refuge Properties Limited, the property development subsidiary, successfully completed and sold two retail developments in Cheltenham and Secord, producing a combined profit before tax of some £170,000 on costs of £291,000.

Only slightly less complex but at least on a more positive note are the changes in pension legislation, whereby an individual has the right to accept a company scheme or to make his own arrangements. In addition to the pension supplier and the client, the client's employer, the Department of Health and Social Security and the Superannuation Funds Office will be involved.

Investments

In 1987 as a whole, the performance of investments was again broadly satisfactory. For equity investors, however, the year divides into two distinct periods separated by the sudden collapse of shares in October. In the first phase, many of the world's equity markets rose strongly. In the UK, a remarkable 46% rise in the FT-All-Share Index over the first six and a half months of the year reflected a combination of favourable indicators, including accelerating economic growth, buoyant company profits and falling interest rates.

Two notable retirements have also occurred. Mr. S.W. Walters retired from the Board and from his executive duties as General Manager during his 40th year of service, having originally joined the Company as an agent at Rochill in 1948. At the Annual General Meeting of Refuge Assurance to be held on 28th April 1988, Mr. W.J. Brewwood, a former General Manager, will retire from the Board after 50 years' service. He is well known in the insurance industry at large, being especially remembered as a past president of the Chartered Insurance Institute.

I referred a year ago in the necessity for an improvement in the quality of sales and since then this has been achieved. We now have a direct sales force composed mainly of people with industry experience who will be able to cope successfully with the extra burdens.

At the year end, Refuge Properties Limited, the property development subsidiary, successfully completed and sold two retail developments in Cheltenham and Secord, producing a combined profit before tax of some £170,000 on costs of £291,000.

At the year end, Refuge Properties Limited, the property development subsidiary, successfully completed and sold two retail developments in Cheltenham and Secord, producing a combined profit before tax of some £170,000 on costs of £291,000.

Refuge Group PLC

Head Office: Refuge House, Alderley Road, Wilmslow, Cheshire, SK9 1PF. Telephone: 0625 535959. Registered Number 1854686 England.

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JAL JAPAN AIR LINES logo and text.

Friday April 15th

In Brief
Jaguar sales up 21% in quarter

Fake share price

Booming Wales

Leeds and Hills

Trust 58%

Post haste

to trans
UK plane

...CORRESPONDENT

THE NEW ROVER 827 SLi BREATHES DEEPER. TO GO FASTER.



Breathe deeper, go faster. What works for the human body also works for the motor car. The deeper it breathes, the better it performs. At 6,000 rpm, the Rover's new 2.7 litre V6 engine inhales 7,440 litres of air every minute.

And it does so with meticulous regularity.

A computer-aided, electronic engine management system sees to that. It monitors the fuel-flow, the air-flow and the engine temperature. At the same time, the computer constantly regulates the quantity of fuel fed to the 24 valve engine, thus ensuring optimum performance.

Which is why you'll not only enjoy awesome power from the 827. But also a ride of uncommon smoothness. Whether you're sprinting 0-60 mph in 7.6 seconds* Powering through the mid-range. Or cruising serenely along the motorway.



The more oxygen in his lungs, the more power in his legs.

Talking of cruising, the new Si, SLi and Sterling all come with a new standard feature. Electronic automatic transmission.

This means you can now match the car's gearing to the way you want to drive. You can choose between a relaxed four speed operation for effortless motorway cruising. Or you can select the more dynamic sports mode in which the engine reaches higher rpm before changing up.

So much for power and performance. What about good old-fashioned Rover luxury?

Like burr walnut to grace doors and fascia. Flush glazing, electric sun-roof, speed-sensitive power steering and electric windows front and rear.

The new Rover 827 SLi has it all, and much more. And it comes to you for £17,878†.

Now, what could be healthier than that?



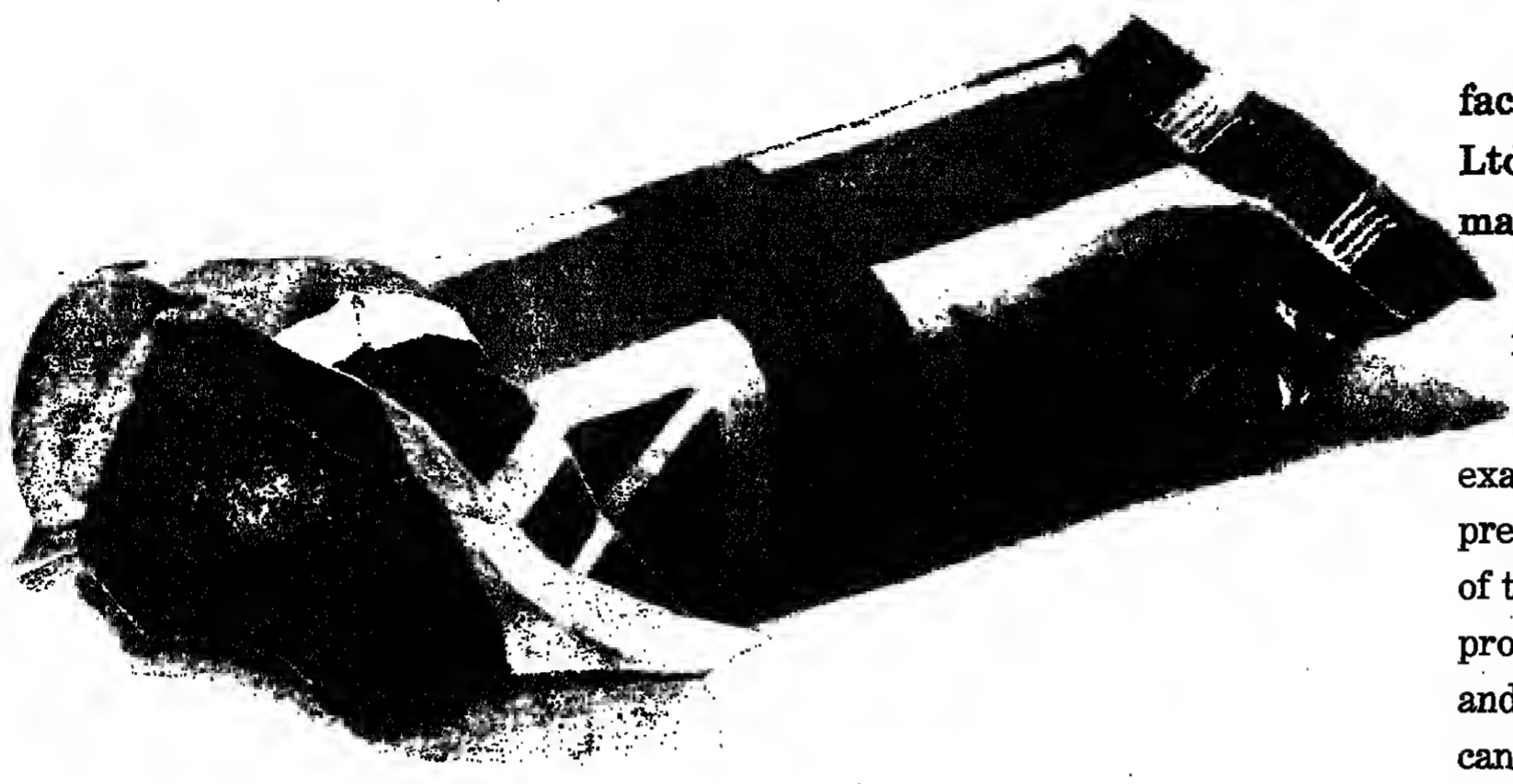
ROVER 800 SERIES

CAR SHOWN: ROVER 827L. ROVER 800 RANGE FROM £12,499 TO £21,199. ALL PRICES CORRECT AT TIME OF GOING TO PRESS. EXCLUDING NUMBER PLATES AND DELIVERY. *MANUFACTURER'S DATA: FIGURE QUOTED IS FOR MANUAL TRANSMISSION. AVAILABLE AS NO-COST OPTION ON 827 Si AND SLi. FOR FULL DETAILS OF YOUR NEAREST ROVER DEALER RING 01-200-0200. NATIONWIDE CAR RENTAL RESERVATIONS THROUGH BRITISH CAR RENTAL TEL: 0330-77233. TAX FREE SALES INFORMATION 01-475-2101 EXT 230.



Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes

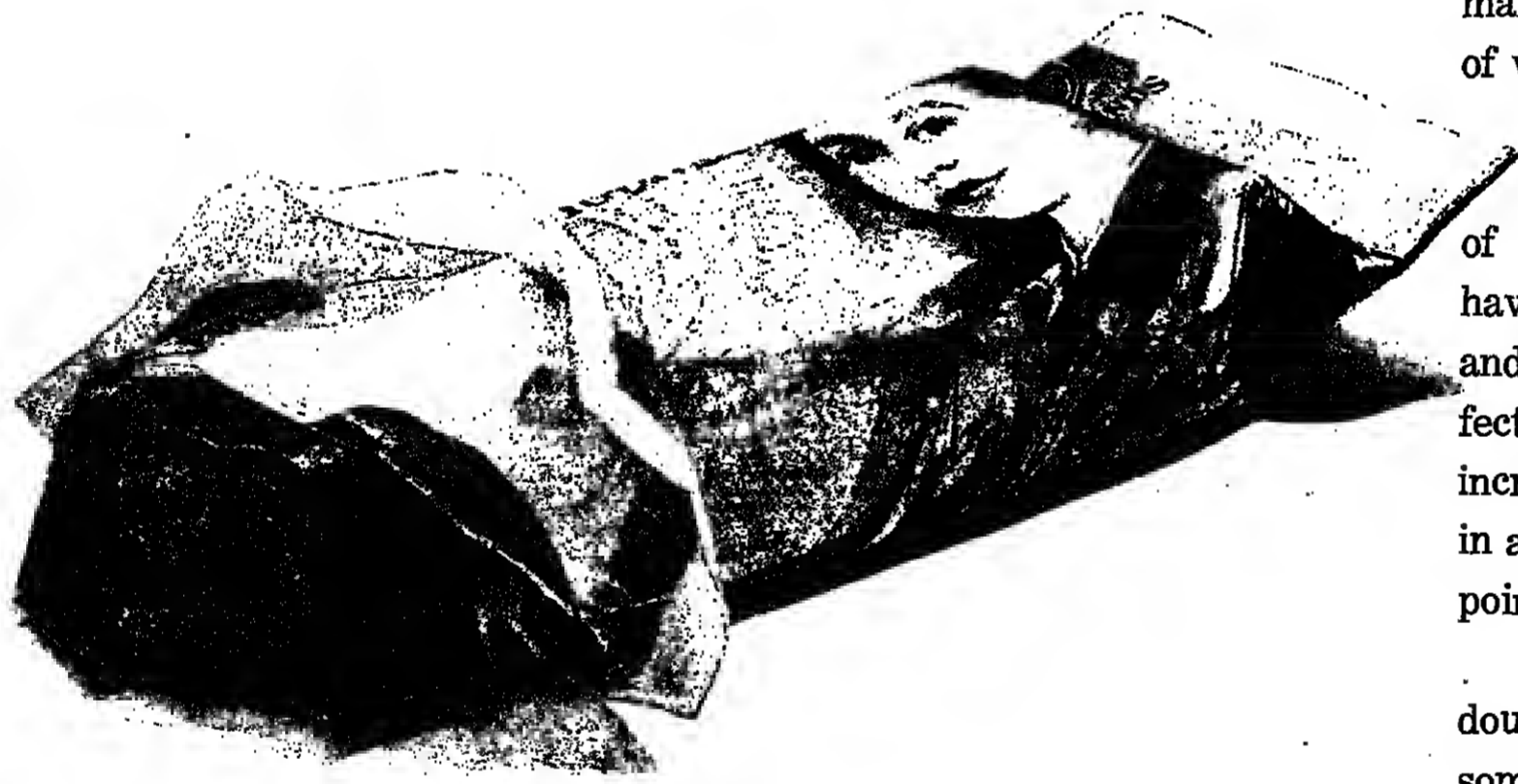
Cadbury Schweppes invested £97 million here.



More specifically, "here" was the factory floor. From 1981 to 1983 Cadbury Ltd. spent £97 million making the manufacturing capabilities of the confectionery division among the most modern in the world.

Let us quote just one small but typical example. Crunchie bars are now cut by a high pressure jet of coconut oil. This saves 50% of the honeycomb wasted by the old cutting process. It's one of the many modernisations and rationalisations that gave us a significant increase in productivity per employee. And that provided money - money that was used to boost our marketing effort.

Profits doubled as a result.

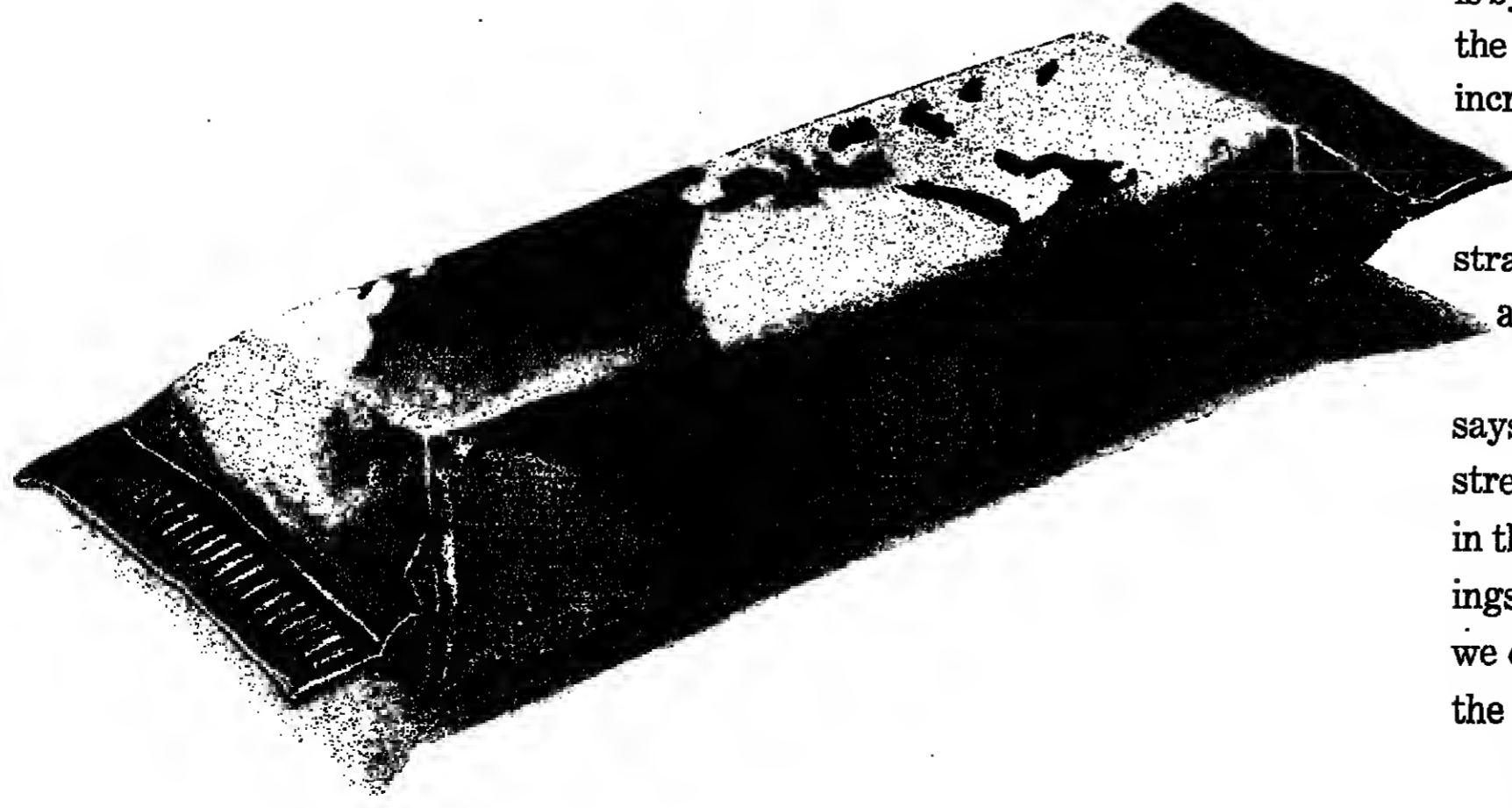


So we could capture more of the market we increased our advertising "share of voice" in the sector. In 1987 we invested £3.5 million more than the previous year.

We also embarked on a major programme of new product development. 13 brands have been launched since 1980. Biarritz and Wispa are already acknowledged confectionery classics. These moves helped increase our market share to 29% (remember, in a market as huge as this, one percentage point is worth over £20 million).

Aggressive marketing has more than doubled trading profits since 1981, reaching some £57 million in 1987. So carefully planned management is achieving exciting profit growth.

And we're not going to stop there.



The success of Cadbury Ltd. in the UK is by no means the whole story. We've applied the same principle of reducing costs and increasing marketing investment throughout the world. What's more, growth in 1988 will be further enhanced by recent strategic acquisitions in the USA, Australasia and France.

As Chief Executive Dominic Cadbury says, "The management skills which have strengthened Cadbury Schweppes' position in the market place and increased 1987 earnings per share by over 33% will ensure that we capitalise on these new opportunities for the benefit of our shareholders."

Cadbury Schweppes
MANAGEMENT PROVEN IN THE MARKET PLACE

MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes

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UK NEWS

Judge orders acquittal of broker on dealing charges

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE GOVERNMENT'S crackdown on insider dealing suffered a serious setback yesterday when a Crown Court jury was ordered to acquit a former stockbroker accused of two offences under the 1985 Company Securities (Insider Dealing) Act.

Judge Gerald Butler ordered a jury at Southwark, in south London, to return not guilty verdicts on Mr Brian Fisher. The 47-year-old was alleged to have obtained price-sensitive information and bought 6,000 shares in Thomson T-Line hours before the announcement of a takeover bid for the company in December, 1985.

acting as a representative for a business consortium, Mr Fisher had approached Thomson T-Line, an ailing caravan manufacturing company, with an offer to buy. While the offer was being discussed by the company with its financial adviser, Kleinwort Benson, Mr David Thomson, the company's chairman, made a private sale arrangement.

Beleaguered Moore's future in doubt again

By Our Political Editor

MR JOHN MOORE, the Social Services Secretary, looks a beleaguered figure. After an unconvincing and faltering performance in Wednesday's debate on the social security changes, muttering about his future has started again in the corridors of Westminster.



First, there's Laura Ashley. Then Hotpoint. Then Rowntree. Then Ferodo. Then Austin Taylor.

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BRAVE NEW WALES

OBITUARY

John Stonehouse: former MP who faked his own death

THE FINAL CHAPTER in one of the most bizarre episodes in modern British politics was closed yesterday with the death of Mr John Stonehouse, the former Labour MP, after suffering a heart attack at his Southampton home.



Mr Stonehouse in 1986 with a copy of his sixth book, The Baring Fall, in which he traced the decline of Britain since the turn of the century.

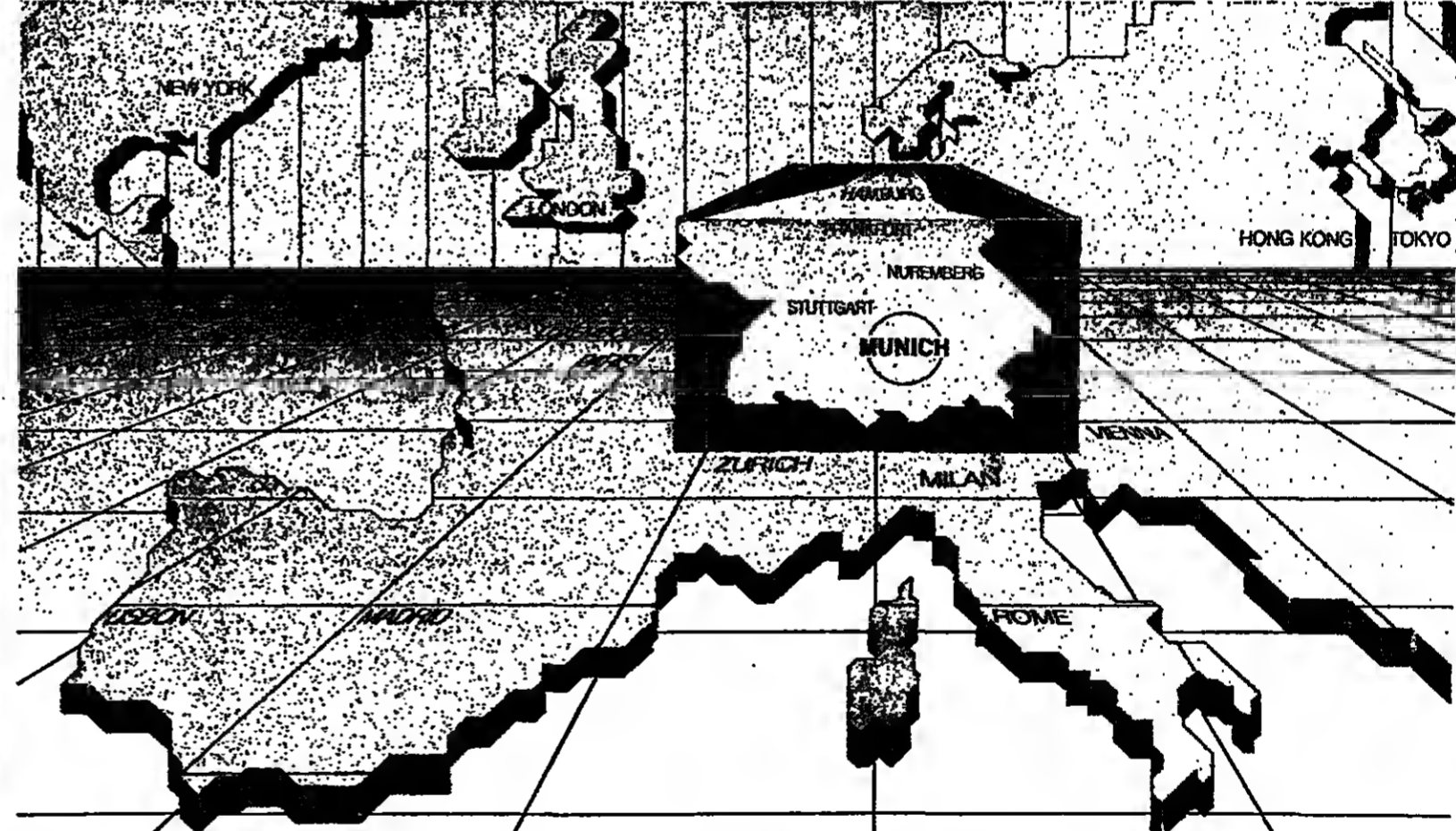
Mr Stonehouse, who was 62, had held ministerial office in the Wilson Government and created a worldwide sensation when he faked his own death by drowning on a Miami beach in November 1971.

Acorn and Sanyo sign chip deal

BY TERRY DODSWORTH

ACORN, the UK computer group, is aiming to expand sales of the innovative microprocessor in introduced last year through a new manufacturing agreement with Sanyo of Japan.

designed by Acorn using software and other processes supplied by the American company. The addition of Sanyo, however, will give the chip more exposure in the Far East, now the largest market for semiconductors in the world.



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ANAMINT

Results for the year and notice of final dividend

(subject to final audit)

Income statement

(R million)	Year ended 31.3.88	Year ended 31.3.87
Dividends from		
- listed associated company	100.0	78.6
- unlisted investments	53.9	43.1
Interest earned less administration expenses	(1.1)	(0.9)
Net income before taxation	160.8	120.8
Taxation	0.5	0.3
Net income after taxation	160.3	120.5
Preference dividends	0.3	0.3
Attributable earnings	160.0	120.2
Share of retained earnings of associated company	280.1	235.6
Equity accounted earnings	440.1	355.8
Share of associated company's extraordinary item	2.3	(13.9)
Ordinary dividends	160.0	120.0
Transfer to non-distributable reserve	282.4	221.7
Retained earnings	—	0.2
Earnings per ordinary share - cents		
Attributable earnings	1 000	1 202
Equity accounted earnings	4 401	3 558
Dividends per ordinary share - cents		
- Interim	320	240
- Final	1 280	960

Balance sheet

(R million)	At 31.3.88	At 31.3.87
Shareholders' equity		
Share capital	10.0	10.0
Non-distributable reserve	1 418.9	1 136.5
Retained earnings	80.0	80.0
1 508.9	1 226.5	
Investment in associated company		
- listed	1 495.3	1 212.9
- other investments - unlisted	11.6	11.6
1 506.9	1 224.5	
Debtors and cash	130.6	98.3
Dividend payable and other creditors	129.6	95.3
Net current assets	2.0	2.0
1 508.9	1 226.5	
Market and directors' values of investments:		
Listed associated company - market value	3 044.2	3 903.4
Unlisted - directors' valuation	352.6	283.1
3 397.8	4 186.5	
Number of ordinary shares in issue (millions)	10	10
Net asset value (after providing for dividend) - cents per share	33 040	41 835

Comment

1. The company's major asset is its 25.86 per cent investment in De Beers Consolidated Mines Limited, and the following information was included in that company's provisional results for the year ended December 31 1987 which were published on March 11 1988:

	Year ended 31.12.87	Year ended 31.12.86
Earnings per deferred and 5 ordinary share before extraordinary items - cents		
Attributable earnings	282	212
Equity accounted earnings	410	320
Dividends per deferred and 5 ordinary share - cents	110	80
Sales of diamonds by the Central Selling Organisation in 1987 were US\$3 075 million (R6 340 million) compared with US\$2 557 million (R5 910 million) in the previous year.		

2. The annual report for the year ended March 31 1988 will be posted on or about May 3 1988.

Dividend

On Thursday, April 14 1988, the directors of the company declared final dividend No.96, as follows:

Amount (South African currency)	1 280 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Thursday, May 5
Registers closed from to (inclusive)	Friday, May 6 Saturday, May 21
Ex-dividend on Johannesburg and London stock exchanges	Monday, May 9
Currency conversion date for sterling payments to shareholders paid from London	Monday, May 9
Dividend warrants posted	Monday, June 6
Payment date of dividend	Tuesday, June 7
Rate of non-resident shareholders' tax	14.9720 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the company and its transfer secretaries.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries

per T S Johnson, Divisional Secretary
April 15 1988



Head Office: 44 Main Street Johannesburg 2001
London Office: 40 Holborn Viaduct London EC1P 1AJ

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re
**TEXACO INC.,
TEXACO CAPITAL INC.,
TEXACO CAPITAL N.V.,**
Debtors.

Jointly Administered
Chapter 11 Case No.
87 B 20142 (EIS)
87 B 20143 (EIS)
87 B 20144 (EIS)

NOTICE OF (i) CONFIRMATION OF PLAN OF REORGANIZATION AND (ii) DISCHARGE OF DEBTS

TO ALL CREDITORS, EQUITY SECURITY HOLDERS AND OTHER PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN of the entry of an order of the Court, dated March 23, 1988 (the "Confirmation Order"), confirming the Debtors' Second Amended Joint Plan of Reorganization (the "Plan") dated January 27, 1988. The Confirmation Order, among other matters, provides that:

1. Except as otherwise provided in the Plan, each of Texaco Inc., Texaco Capital Inc. and Texaco Capital N.V. is discharged from any and all debts (inclusive of any asserted claims or liabilities) that arose against any or all of them before the date of entry of the Confirmation Order, including, without limitation, any debt of a kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, other than:

- (A) Administrative Expenses of the chapter 11 cases consisting of debts incurred in the ordinary course of business of the above-named Debtors, or debts arising under loans or advances to any of the said Debtors whether or not incurred in the ordinary course of business, which Administrative Expenses will be paid by the Debtors in accordance with the terms and conditions of such debts;
- (B) Administrative Expenses of the chapter 11 cases consisting of allowances of compensation or reimbursement of expenses to the extent granted by the Court pursuant to sections 330, 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code;
- (C) Tax Claims that are not Allowed Claims as defined in the Plan;
- (D) Certain unsecured debts held by the United States Department of Energy; and
- (E) Certain unsecured debts arising under environmental laws which are not Allowed Claims, as defined in and more fully described in the Plan;

whether or not (i) a proof of claim based on such debt was filed or deemed filed under section 501 of the Bankruptcy Code; (ii) such debt is allowed under section 502 of the Bankruptcy Code; or (iii) the holder of such debt has accepted the Plan;

2. Any judgment at any time obtained, to the extent that such judgment is a determination of the liability of any of the Debtors with respect to any debt discharged pursuant to the Confirmation Order, is null and void as against any of the Debtors; and

3. All creditors whose debts are discharged by the Confirmation Order and all creditors whose judgments are declared null and void by paragraph 2 hereof are forever enjoined and stayed from the commencement, continuation, institution, employment of any process or engagement of any act to collect such debts or liabilities of Texaco Inc., Texaco Capital Inc. or Texaco Capital N.V.

BY ORDER OF THE COURT

Dated: New York, New York
April 7, 1988

/s/ Howard Schwartzberg
United States Bankruptcy Judge

* Capitalized terms that are not defined herein shall have the same meanings in this notice that they have in the Plan.

UK NEWS

Guy de Jonquieres examines a study counselling caution on the internal market deadline

More obstacles than just barriers

WHEN European Community heads of government formally committed themselves almost three years ago to realising by 1992 the long-standing vision of a single internal market, what exactly did they think they were doing?

"There is no single definition of what completion of the internal market means. Views differ according to perspective and position," says a study published yesterday. While politicians regard removal of frontier controls as the priority, businessmen would like to go further, favouring also a common European currency and more constraints on national sovereignty.

In the view of the study's authors, Professor Jacques Pelkmans of the European Institute of Public Administration in Maastricht, the Netherlands, and Professor Alan Winters of University College, Bangor, in Wales, any single European market worthy of the name will be closer to the businessmen's version than the politicians'.

They argue that to achieve the full economic gains expected of it will require sizeable concessions of national autonomy in policy-making and the willingness to try to cope with arduous problems of structural adjustment.

The authors are not confident that these conditions will be met: "In view of the many potential obstacles to 'completion', it would be naive to expect fulfilment of the programme for granted or to regard the end of 1992 as the final deadline. Both targets are attainable, but only on the basis of a very optimistic economic climate and a well thought-out strategy are the essential ingredients."

The European Commission's 1985 White Paper, which sets out the programme of EC single market legislation, aims to improve



Lord Young, Secretary of State for Trade and Industry, launches a database to help UK businesses prepare for the single market. The database, Spearhead, will carry information on internal market-related resources either agreed or under discussion. The service will be available by direct telephone dialling or through electronic mail services.

market access by removing barriers to intra-Community trade in goods and services. But though voluminous, it is incomplete, the study says, since it fails to tackle residual national controls on trade with non-EC countries, government subsidies and the fragmented Community steel market.

Furthermore, although the Commission had achieved increased harmonisation in favour of liberalisation and competition between national rules, these objectives could be difficult to implement. It was often unclear that competition could, in practice, develop unless rules were first harmonised.

More important, the study argues, the EC must address the proposals in the Commission's

White Paper with other measures to stimulate or prevent competitive distortions and to spur industrial restructuring and more efficient use of resources. "Only to dismantle barriers is to neglect the economic rationale of an internal market," it says, calling for action the following areas:

- A vigorous, but not too restrictive, competition policy;
- An open external trade policy which 'avoids a fortress Europe';
- Closer macro-economic and monetary co-ordination;
- Though the authors doubt how politically realistic that goal is;
- A common research and development policy which complements national efforts;
- Reduction of differences

between national company laws. • Sensible measures to assist adjustment by the EC's poorer regions.

The study's authors do not attempt to forecast how much progress will be achieved by 1992, or what the precise impact of a single market on economic activity will be. Instead, they offer three possible outcomes.

The most optimistic foresees extensive integration of EC markets and policies, which would virtually rule out unilateral intervention by governments in pursuit of national interests. That would offer the biggest economic gains but would also be the hardest goal to achieve.

In the second scenario, most frontier controls would be removed, allowing considerable freedom of trade in products and mobility of people. However, the outlook for trade in services would be less certain while some sources of market distortion, such as government subsidies, would persist.

The third scenario is minimalist and assumes that the EC made progress only on the easiest issues. Some frontier controls would be removed, but little headway would have been achieved in difficult areas such as fiscal harmonisation, public procurement, financial services, exchange controls and external trade policy.

The study says that realisation of either of the first two scenarios by 1992 could yield economic benefits by boosting business confidence and impressing consumers. "It is scenario three that ought to be avoided: its political costs can be high, the impact on markets uncertain and the net economic gains unimpressive."

"Europe's Domestic Market" by Jacques Pelkmans and Alan Winters, £5.95. Published for Royal Institute for International Affairs by Routledge, 11 New Fetter Lane, London EC4P 4EE.

Dublin angry over Birmingham Six refusal

BY KIERAN COOKE, DUBLIN CORRESPONDENT

THE LAW lords' decision to refuse the so-called Birmingham Six leave to appeal their case to the House of Lords, the upper chamber of parliament, has drawn an expression of serious concern from Dublin.

The Republic's Minister for Foreign Affairs, Mr Brian Lenihan, said the Irish Government was deeply perturbed that despite widespread and

continuing concern that there may have been a miscarriage of justice, the avenues of legal appeal now appeared to have been exhausted and the six remained imprisoned.

The Birmingham Six have already spent over 13 years in jail.

The six men were arrested boarding a ship bound for the Republic after having left Bir-

mingham the day that a bomb in a pub in the Midlands city killed 21 people. The IRA claimed responsibility.

However, the evidence supporting the conviction of the six for the bombing has been challenged, most recently during a Court of Appeal in London this year.

In the circumstances, the Irish Government believe that

there are compelling humanitarian grounds for the British Home Secretary to consider the wide-ranging powers available to him in such cases, said Mr Lenihan.

The Court of Appeal verdict that the conviction of the Birmingham Six should stand has been one of several causes of friction between the Dublin and London Governments.

Labour withdrawing from socialism, says Benn

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LABOUR PARTY'S reaction to three general election defeats was not to fight back but to water down its policies in the hope it could "creep back" into power, according to Mr Tony Benn, the left wing MP who is standing against Mr Neil Kinnock for the Labour leadership this autumn.

He makes his latest attack on his opponents in the foreword to a booklet outlining the agenda for the second Socialist Conference, to be held in Chesterfield during June.

He claims that, since last October's first conference the Labour leadership has continued to organise a systematic withdrawal from socialist policies. A "Labour Listens" campaign had emerged as a cover to conceal the abandonment of central elements in any socialist programme, such as peace, full employment and civil liberties.

Mr Benn adds: "Not only has the socialist left been marginalised but the affiliated trade unions have been edged out as far as policy making is concerned and appear now to be wanted primarily for the cash they can contribute for their block vote to force through these changes and to discipline critics of what is



Tony Benn: policies designed for creeping back to power.

happening."

Mr Benn says that the Chesterfield conference will provide an opportunity to halt the Labour leadership's drift to the right.

The gathering, on June 11 and 12 will, he says, help to establish "a clear and independent centre of socialist initiative making a wide appeal to all those who reject a jolly of retreat."

Cross shareholdings grow in airline booking systems

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIGNIFICANT cross-shareholdings and partnership agreements are being arranged between some of the world's largest airline computer reservations systems (CRS), with a view to forming a global link.

The Abacus consortium, which already links the CRS of three big Far Eastern airlines, Hong Kong-based Cathay Pacific, Thai International and Singapore Airlines, is to become a partner with Trans World Airlines and Northwest Airlines of the US in the ownership of their Pars computer reservations system. Pars will take a reciprocal a shareholding in Abacus.

Abacus is also setting up a partnership agreement with Amadeus, the CRS group formed in Europe between Air de France, Air France, Air Inter, Air Iberia, Iberia of Spain, Icelandair, JAL, also of Yugoslavia, Lufthansa, Scandinavian Airlines System and Texas Air of the US.

Through these separate arrangements, Abacus will become the leading CRS organisation in the Asia-Pacific region, and other airlines in that region are expected soon to take up the offers of becoming members.

Mr Andrew Herdman, of Cathay, the general manager of Abacus, said: "This is only the beginning and I believe these agreements could lead to the first truly global CRS."

Abacus users will progressively move over to the common system from the third quarter of this year, and the system will be in full use by the end of 1988. The core of the system will be based in Singapore by the end of 1988.

The other major European-based system, Galileo, in which British Airways is linked with Alitalia, KLM the Dutch carrier, Swissair and Covia (part of United Air Lines) and other operators still has to forge a link with Far Eastern and South-East Asian airlines.

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Mr. Archer may be contacted while in Zurich at 01-46229075, or a message left for him at the Hotel Storchen.

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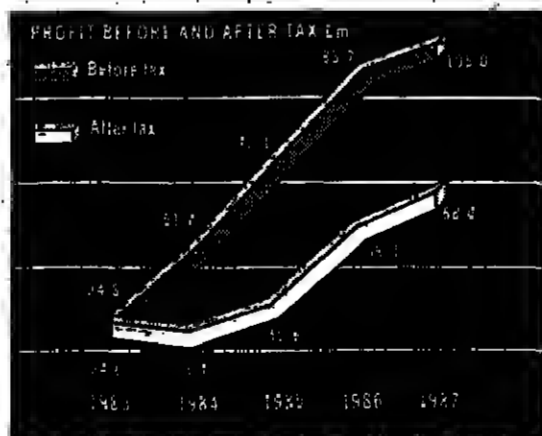
And the investment analysts in question aren't from the City of London, but from cities, towns and villages all over the country.

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*Japan Bond Research Institute Preliminary Long-Term Senior Debt Rating.

UK NEWS

NOTICE OF REDEMPTION
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Table with columns for Principal Amount to be Redeemed, Number, and Principal Amount to be Redeemed. Lists bond numbers and amounts for redemption.

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Payment will be made on May 1, 1988 for the bearer Bonds selected for redemption upon presentation and surrender of said Bonds with coupons due November 1, 1988 and subsequent coupons attached at the main offices of the Fiscal Agent in London and Brussels and the Bank of England in London.

Payment will be made on May 1, 1988 for the portion of the registered Bonds selected for redemption upon presentation and surrender of said Bonds at the Corporate Trust Office of the Fiscal Agent, 30 West Broadway, New York, New York 10015 or at the above mentioned offices.

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Dated: April 1, 1988

The following registered Bonds each bearing the following distinctive numbers previously called for redemption have not as yet been presented for payment:

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DUP chief warns on Ulster settlement

By Our Belfast Correspondent

MR PETER ROBINSON, deputy leader of the Democratic Unionist Party, warned last night that Northern Ireland Unionists might have to consider a political settlement outside the UK.

In an uncompromising speech to party members in Newtownabbey Mr Robinson said it was time for a Unionist convention to discuss strategy and give leadership to the Unionist community.

He said his preference would be for Northern Ireland to remain part of the UK but he supported a union which protected Unionist interests rather than the present one which was designed to "ensnare Unionists."

Enterprise campus planned for Halifax

By Charles Baskelor

AN ENTERPRISE campus is to be set up at Dean Clough Industrial Park, based in a former carpet-mill in Halifax, Yorks.

The campus will start in a 7,000-sq-ft area, donated rent-free for a year by Dean Clough. Up to 100,000 sq ft are available for expansion.

Richard Evans on Mr Ridley's pursuit of the big municipal spenders
Leasing curbs make councils squeal

LOCAL authorities are squealing with pain and frustration at the Government's latest moves to curb creative accounting. That shows they have been hit hard in their attempts to balance budgets without cutting services severely.



Nicholas Ridley. Drive against deals which evade his spending controls will catch Tory as well as Labour councils

Regulations passed in the Commons this week have confirmed the unexpected move last month by Mr Nicholas Ridley, Environment Secretary, to ban barter deals and sale-and-leaseback schemes. He considers them devices to evade controls on capital spending.

Some of the anguish may be justified as Mr Ridley has stopped practices used by some councils with more than adequate asset backing which do not need escape routes. "He has used a sledgehammer to crack the nut," according to one City expert.

As on other occasions, it has been the unmanageable behaviour of a few councils that has forced Mr Ridley's hand. Their attitude, and there may be fewer than a dozen of them, has made life increasingly hard for many town hall treasurers.

Industry urged to use UK coal

BY MAURICE SAMUELSON

LARGE INDUSTRIES were yesterday urged to follow the lead of Imperial Chemical Industries and rely on British coal as best-buy fuel for the future.

Sir Robert Haslam, British Coal chairman, made the suggestion at a ceremony marking the £44m conversion to coal at ICI's Wilton plant, Teesside, Europe's largest privately owned power station.

which guarantee security of supply at competitive prices free from exchange-rate risks," he said.

Work has gone on for 2 1/2 years to introduce coal-burning at the ICI plant, which can supply enough power for the needs of a city the size of Sheffield.

However, the energy policy at Wilton was also based on flexibility and it was essential to use the most economic, secure supplies available.

The converted boilers were coal-fired when installed in the late 1950s and switched to oil in 1971. Their reconversion began in 1985, aided by an Energy Department grants scheme, and ended more than a year ago.

Petrol swapping defended by BP

BRITISH PETROLEUM is defending itself against charges that swapping of petrol among the big oil companies amounted to a deception of consumers.

Proposal to convert Tees refinery into coal terminal

BY MAURICE SAMUELSON

THE FORMER SHELL refinery on the River Tees has joined the growing list of places on the east coast which are being considered as potential ports through which to import cheap coal once the electricity industry has been privatised.

The site - capable of handling at least 5m tonnes of coal a year - belongs to the Tees and Hartlepool Port Authority, which says it has been looking at options for a coal terminal for several years.

It could also supply coal to industry and the domestic coal market in the north-east and Scotland.

According to Mr Lev Sychrava, the London-based shipping consultant who is examining its potential on behalf of the Tees Port Authority, it could be handling coal long before some of the other coastal sites under consideration.

Extel's Weekly Financial News Summary gives us the week's UK corporate events at a glance

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FT LAW REPORTS

US appearance bond is outside UK jurisdiction

UNITED STATES OF AMERICA v INKLEY Court of Appeal (Lord Justice Purchas and Mrs Justice Hedburn) March 25 1988

A US judgment debt arising out of forfeiture of an appearance bond executed in a criminal context is a public law remedy, though recoverable in the US by civil process, and therefore cannot be the subject of English proceedings.

The Court of Appeal so held when allowing an appeal by Mr Harold ("Reggie") Inkley from Mr Gathhouse's reversal of Master Waldman's decision to set aside a \$4,000 default judgment obtained against Mr Inkley by the United States of America.

LORD JUSTICE PURCHAS, giving the judgment of the court, said that Mr Inkley was a British subject. In 1985 he was arrested in Florida and charged with fraud offences relating to the sale of attempted sale of non-existent oil wells to US citizens.

On September 16 1985, in the US District Court for the Southern District of Florida, Mr Inkley obtained a writ of habeas corpus that he be released from custody on certain provisions.

The release order recorded that Mr Inkley "agrees to abide by the conditions of release." There followed a series of conditions of release, including supervision by the pre-trial service agency, conditions for reporting regularly and restrictions on movement.

It also provided that if Mr Inkley violated any condition of release, a warrant for his arrest might be issued immediately. If he failed to appear before any court or judicial officer as required, an additional criminal case might be instituted against him.

A 10.5 per cent surety of \$4,000 was recorded by court receipt. There was an appearance bond, by which Mr Inkley acknowledged he was bound to the US for \$48,000 and that the sum would be due if he failed to appear as ordered. Forfeiture of the bond for breach of condition might be declared by any US District Court, and "judgment may be entered... against each debtor... and execution may be issued and payment secured as provided by the Federal Rules of Criminal Procedure and by other laws of the US."

The bond was signed by the magistrate, Mr Peter L. Minkoff, by 3 witnesses and by Mr Inkley.

Associated with the bond was another document headed "Conditions of bond" if set out five conditions which substantially repeated the conditions of the release order.

Condition 4 repeated that failure to appear before the US magistrate or court when ordered might give rise to an additional criminal case, separate and apart from the offence presently charged and the penalties ensuing. That document was again signed by Mr Inkley.

On September 29 1985 Mr Inkley's father died in England. The Florida court gave him permission to travel to England for the funeral. His passport was returned to him and he was allowed to be absent from Florida for 30 days.

He travelled to England and had remained there ever since. No extradition proceedings had been issued.

On April 17 1985 the US obtained final judgment for \$48,000 in the Florida court. By writ dated September 29 1985 it stayed an action in the UK for recovery of the amount of the Florida judgment. On October 21 1985 it obtained judgment by default. That judgment was set aside and the statement of claim struck out by Master Waldman, but was reinstated by Mr Justice Gathhouse.

The power to release and require appearance bonds was given by article 3146 of the US Code for Criminal Procedure. Any person charged with an offence other than an offence punishable by death, was to be released pending trial unless the judicial officer determined that release would not reasonably assure his appearance as required.

The judicial officer authorizing release was to issue an order containing the statement of conditions imposed; and "shall inform such person of the penalties applicable to violations of the conditions of his release and shall advise him that a warrant for his arrest will be issued immediately upon any such violation."

The judge had before him a letter, dated April 28 1987, addressed to Mr Inkley's solicitors from the Director in the Office of Foreign Litigations Civil Division of the US Department of Justice.

It read: "The procedures for executing an appearance bond forfeiture are civil rather than criminal. Process to enforce a judgment for the payment of money is pursuant to rule 69 of the Federal Rules of Civil Procedure." It said that enforcement of the \$48,000 judgment would be pursuant to the civil remedy in rule 69(a) and that "in seeking to enforce this judgment, the US is acting as a judgment creditor, ie as an aggrieved party under the bond and not in its prosecutorial capacity in enforcing the criminal laws of the US."

After considering the authorities and standard textbooks, Mr Justice Gathhouse concluded that the proceedings were civil proceedings and enforceable by action in the English courts, though he found the question nicely balanced.

Mr Inkley challenged that decision and asserted that the judge should have concluded that the substance of the action was enforcement of a public law remedy in the nature of a penal proceeding, and that it would therefore not be enforceable in the English courts.

From the authorities the following relevant propositions emerged:

(1) Consideration of whether the claim in the English courts involved the assertion of foreign sovereignty, in penal, revenue or other public law, was to be determined according to the criteria of English law.

(2) The attitude adopted by the courts in the foreign jurisdiction would always receive serious attention and might on occasions be decisive.

(3) The category of the right of action, ie whether public or private, would depend on the party in whose favour it was created, on the purpose of the law or enactment in the foreign state on which it is based, and on the general context of the case as a whole.

(4) The fact that the right, statutory or otherwise, was penal in nature, would not deprive a person who asserted a personal claim depending thereon, from having recourse to English courts, on the other hand, by whatever description it might be known if the purpose of the action was enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, it would not be enforceable in the UK.

(5) The fact that in the foreign jurisdiction recourse might be had in a civil forum to enforce the right would not necessarily affect the true nature of the right as enforced in the UK.

Applying the above criteria to the facts, the court concluded that the general context and background against which the appearance bond was executed was criminal or penal.

The power to require execution of the bond arose from article 3146 of the Code of Criminal Procedure. The circumstances in which it came into existence were clearly criminal in nature, and breaches of the conditions incorporated in it could give rise to further criminal proceedings.

The whole purpose of the bond was to ensure as far as possible the presence of its executor to meet justice at the hands of the state in a criminal prosecution.

The fact that the obligations under the bond were the subject of a declaratory judgment in a civil court did not affect the basic characteristic of the right which that judgment itself enforced, namely the right of the state as administrator of public law and justice, to ensure the observance of the criminal law, or the execution of pecuniary penalties if that course were frustrated.

Notwithstanding its civil clothing, the purpose of the action initiated by the writ in the present case was the due execution by the US of a public law process aimed to ensure the attendance of persons accused of crime before the criminal courts.

The Master was right to set aside the judgment in default and to strike out the proceedings. The appeal was allowed.

For Mr Inkley: Christopher Critchlow (Edward Lewis & Co, agent for Hodgkinson & Co, Solicitors)

For the US: Alexander Layton (Oppenheims)

By Rachel Davies Barrister

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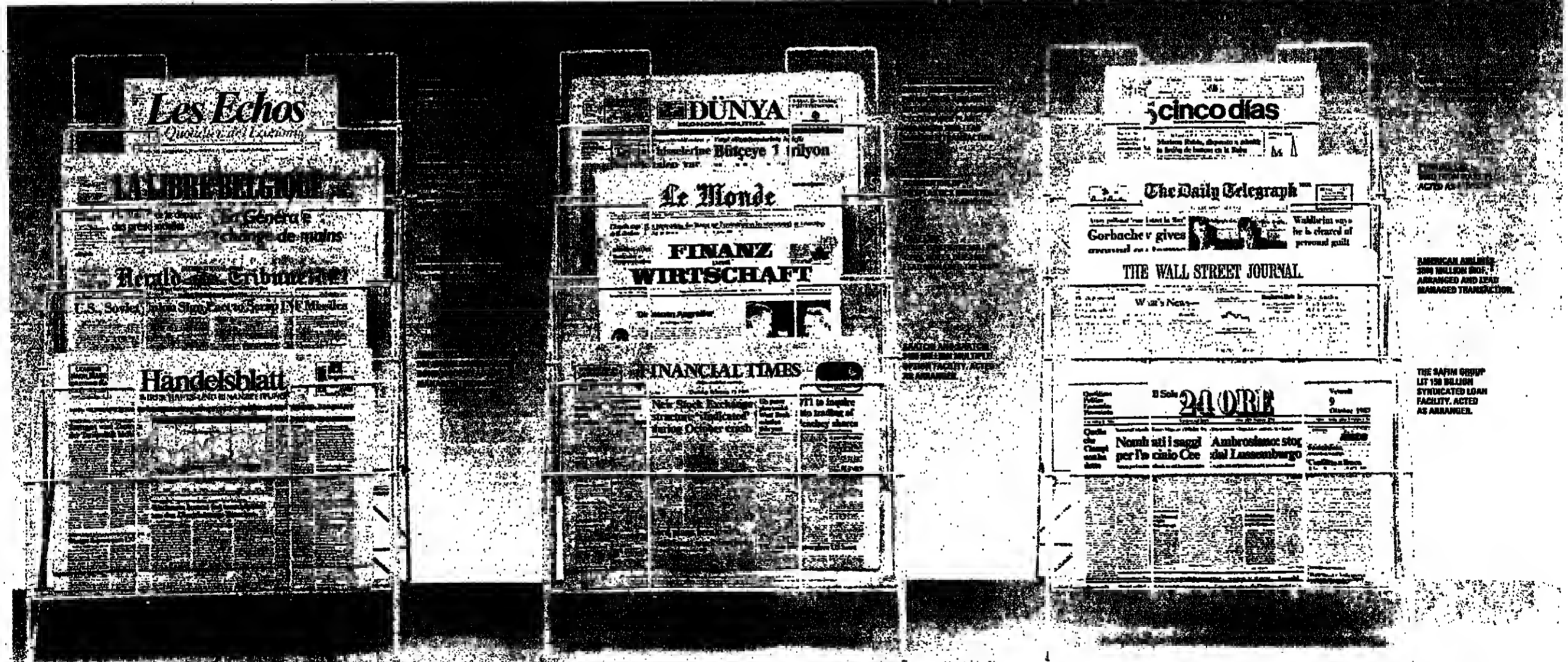
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TECHNOLOGY

Hard drive east for machinery suppliers

WILL the East European car industry soon be offering substantial and conventional business opportunities to Western manufacturers of production machinery and automated handling equipment?

And if it does, will the West Germans and Italians capture the vast bulk of this business, leaving British and French hardware producers out in the cold? The answer to both questions looks like being yes.

The dozen or so car manufacturers in Eastern Europe produce about 3m cars a year. While this is only a quarter of the volume from Western Europe, the world's largest car producing area, Eastern Bloc countries are expanding output and slowly becoming more sophisticated.

Until now, the majority of the biggest production plants have been set up in collaboration with mainstream West European car producers which have acted as plant integrators as well as supplying actual car models for these plants to build.

This has been a feature of deals that Fiat of Italy has made with Vaz of the Soviet Union, Polski of Poland and Zastava of Yugoslavia, Renault and Dacia in Romania have enjoyed a similar link, while Volkswagen has also been engaged in substantial East European car building projects.

Some of the leading Eastern Bloc producers, however, are moving a little closer to their West European counterparts. They are doing more of their own engineering design and using Western design studios to pro-

Nick Garnett looks at which Western countries will be the big winners in selling equipment to Eastern Bloc car manufacturers

duce body styles not quite so dated or hideous as earlier offerings.

Along with this has come a more open, piecemeal approach to factory modernisation. Factory automation integrators from the West are increasingly used to choose the hardware and oversee the installation of more specific smaller scale projects like a new engine line, stamping plant or machining shop.

But West German hardware suppliers have now established such a powerful role in a geographic area they view as their own marketing backyard that their position seems unassailable. At the same time the Italians have steadily built up a strong and increasingly important position as equipment suppliers. Of Europe's main equipment makers, the UK and France are in easily the weakest position.

"Overall I think only the niche areas are left for most British hardware makers," says John Barlow, sales and marketing director for John Brown Automation, the Coventry based arm of Trafalgar House, which earns its living as an automation integrator.

A new 24.5m semi-automated engine line which John Brown has put together for Skoda, the Czechoslovakian car maker, reflects this point.

The facility, which has been under test in Coventry before

shipment to Skoda's plant at Mlada Boleslav includes a cylinder head assembly system and part of the engine assembly line which is designed to produce 250,000 engines a year.

As a sign of the more advanced marketing approach at Skoda, the engine, to be used in a new saloon due out later this year has more than 50 variations, based on eight different blocks, 4 different cylinder heads and variations on "engine dress" such as the type of ignition system.

Most of the equipment on the line is Continental. West German equipment suppliers include Siemens for the overall control system, Bosch for the robots, Festo as supplier of the pneumatics and Statoc for the electronic tags which are part of the coding system.

Atlas Copco of Sweden is supplying tightening stations from its West German plant while Feta of Italy - owned by FKI Babcock of the UK which, ironically perhaps, has put the business up for sale - is manufacturing the automated guided vehicles.

In only one significant product area is Britain supplying hardware and that is through Spemac, a West Midlands company which is producing the conveyor system. This partly reflects Britain's still substantial role in Europe as a manufacturer of conveyors.

John Brown, which won the

engine line integration contract in competition with Renault Automation and the West German company Krause, is currently bidding for about eight or 10 other integration contracts for vehicle plants in Eastern Europe.

Barlow says that in the preferred supplier lists prepared by the Eastern Bloc vehicle builders and from which integrators normally have to work to, few British companies now appear. This, he argues, is not surprising, for three reasons.

One is that the East Europeans have much greater familiarity with West German and Italian supplier companies.

A second reason, particularly applicable to the West Germans is that the ability to service operating equipment quickly is a crucial factor.

Siemens, for example is geographically so close that it can move components and personnel from its own sites a morning's drive from what used to be called the Iron Curtain. Siemens is now so large that it can afford an office in Moscow staffed by 40 people.

The Italians have also been studiously increasing their commitment to Eastern Europe. "The Italians are a major force," says Duncan Hine, John Brown Automation's technical director. "People worry about the West Germans and think somehow the Italians are a joke. Then all of a

sudden the Italians get the contract."

The third reason is that the UK has lost a number of suppliers such as Daimichi Sykes in robots which closed and Fairley Automation which has been taken over. The UK does not have any really significant indigenous owned manufacturer of control systems suitable for car plants.

But John Brown is quick to point out that it is not a completely empty picture for the UK supply industry. The recently installed Skoda line includes a gantry fabricated in Britain and much of the electronic wiring and fabrication of cabinets for housing the controls was carried out in the Midlands.

Some Eastern Bloc car plants also use British specialist machine tools. Mlada Boleslav has some transfer line machinery supplied from the UK manufacturing site of Cross of the US which also has a sister plant in West Germany. New, British-made machine tools, though, are outnumbered at Mlada Boleslav by equipment from Krause of Austria, the Italian company Favese and other Continental producers.

John Brown is performing the role of integrator on the 82m cylinder head line for the Rover Group's new K series engine at Longbridge. As Rover is a British company used to dealing with UK equipment suppliers or US manufacturers with production sites in Britain (like controls maker Allen Bradley), its line will have more British suppliers than the Skoda line.



Skoda's 136LSE (above) and Lada's Fiat-based Nova 1200 (below). Eastern Bloc car producers are not to move closer to their West European counterparts, using Western design studios to produce more modern body styles.



However, a significant amount of equipment at the Rover facility will be non-British, including the robots. John Brown also makes the point that the UK car industry market on its own is very small. "Many British equipment suppliers have looked at the UK as their market and that has been a mistake," says Barlow. "The main suppliers in Europe look upon Europe as the market." Long-term relationships built up over a long period are crucial in Eastern Europe, says Colin Davis, another senior manager at John Brown. "The West Germans and Italians have followed that philosophy. British companies

Roll out the barrel and know where it is

By Lisa Wood

THE THEFT and loss of keys, casks and gas cylinders costs British brewers an estimated £28m a year.

It is a problem to which Zengrange, a Leeds company which designs and manufactures portable computers, believes it has the answer.

Kegtracker, a complete container-tracking system, has been designed by Zengrange for Grand Metropolitan Brewing, one of Britain's largest brewers.

The system features a bar-code reading device so that draymen during their deliveries can record information coded onto kegs.

This data is then automatically fed into the in-cab computer when the barcode reader is placed in a cradle within the delivery vehicle's cabin. At the brewer's depot the information is then transferred to a management reporting system.

Zengrange, a UK Ministry of Defence contractor, says the management reporting system gives a speedy and straightforward analysis of the containers out in the trade.

The system specifically highlights those accounts with overdue containers.



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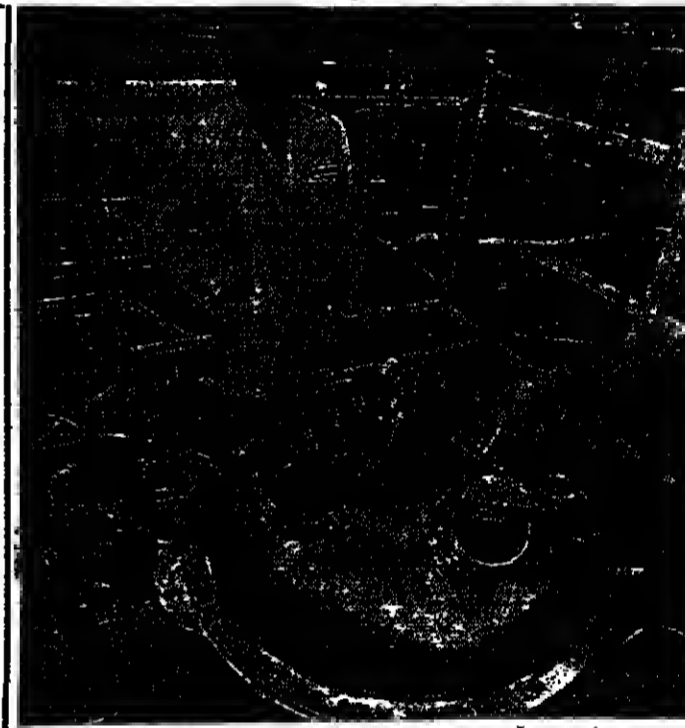
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Gerard Fairbrough, chief executive of Celltech, and the company's new 2,000-litre fermenter.

Celltech ferments a change of culture

BY DAVID FISHLICK, Science Editor

THE WORLD'S biggest air-lift haps 300 grams of pure protein. Sold as the kernel of a new drug, mailman cells is being commissioned this week by Celltech, the UK-based biotechnology company.

The lofty 2,000-litre culture system, designed and assembled by company engineers at a cost of £1m, will be shown to Lord Young, Trade and Industry Secretary, when he opens the new Celltech headquarters and laboratories today.

Celltech's success in picking potential winners such as the anti-cancer proteins, and others for treating cardio-vascular disease (clotting), toxic shock (where there is a large-scale invasion by gram-negative bacteria) and AIDS, convinced its board last year that, instead of continuing as a "biotechnology boutique," doing research under contract for pharmaceutical groups, it should plan its own bio-pharmaceutical business.

Instead of licensing ideas at an early stage, the board decided the company should take them all the way through research and development, including the costly clinical trials, before deciding on a marketing strategy.

To finance this new phase the company last autumn raised \$42.5m in a private placing on the London Stock Exchange.

Most of the new money will be spent on developing and marketing up to six new drugs, of which three are based on "antibody engineering". Gerard Fairbrough, chief executive, believes the company has moved further and faster than any other in the world with this new process for designing a drug.

Even so, he acknowledges that the technique, originally developed at the UK Medical Research Council's Laboratory of Molecular Biology (LMB), could have far wider application than Celltech could hope to pursue.

Several companies have applied to the Medical Research Council for licences to use the technique. They include Unilever, interested in cancer diagnosis and treatment, and Beringwerke of West Germany pursuing research into toxic shock. Another interested party is Scotgen, a new Scottish biotechnology company, which wants to use the technique to treat infectious diseases.

Other licences of the LMB process, if successful, could well turn to Celltech for bulk culture of the engineered antibodies. From a brew of 2,000 litres Celltech's new plant will culture per-

Cells from mammals are much more difficult to grow on a large scale than genetically engineered micro-organisms such as bacteria or yeast, but only they can guarantee exact replicas of the very complex molecules required for many pharmaceutical purposes. The technology seems to follow the laws of scale-up familiar for more conventional kinds of process engineering. Celltech is already talking of building a fermenter of 5,000 or even 10,000 litres capacity for the 1990s.

It was in 1980 when Fairbrough discovered Ed Lennox of the LMB working on ways of scaling up monoclonal antibodies which were capable of discriminating between different blood groups.

These monoclonal antibodies promised to simplify a tricky diagnostic procedure. But Lennox knew they would be useful in medicine only if they could be made in substantial amounts - something no-one at that time knew how to do.

Fairbrough, previously managing director of Shell Chemicals, recognised from the start the importance of process technology to his embryonic bio-science company.

He wooed John Burch, from the LMB to get Lennox's antibodies into production. By 1982, Celltech was making them for Ortho Diagnostics, then and still brand leaders in blood typing products. It also supplies the UK Central Blood Laboratory Authority, and the business is currently worth about £1m a year to Celltech.

From the early 1980s Celltech has kept close to research at the LMB. It believes this work could vastly expand the horizons of monoclonal antibodies.

"We are now confident antibody engineering works," says Fairbrough. A two-year research contract for Cyanamid, the US pharmaceutical group, is near the stage of making five candidate molecules in quantities big enough for Cyanamid to use in clinical trials of new ways for diagnosing and treating cancer.

MANAGEMENT

Finance directors

Rather more than an accountant

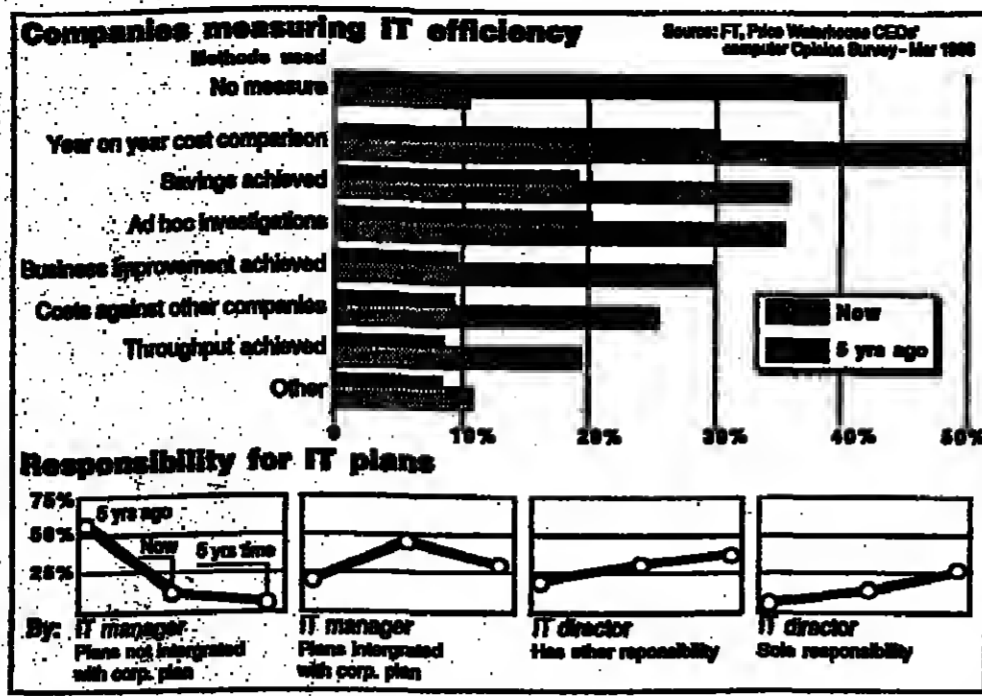
Glaxo's difficulty in filling its vacancy underlines the changing role of this key figure. Michael Skapinker reports

WHEN Glaxo Holdings advertised for a finance director last month, it called the post 'one of the most significant financial appointments in British industry'.

Few would quibble with that evaluation. Glaxo, a corporate star of the Thatcher years, is one of the world's leading drug companies. To sit on its board must be the goal of many an ambitious executive.

Yet Sir Paul Girolami, Glaxo's chairman, says the group has been looking for a finance director for at least a year. The present incumbent, Charles Newcomb, is due to retire. Apart from press advertisements, the group has used a headhunter, so far without success.

Sir Paul concedes that Glaxo has set its sights high. It is looking for someone, preferably in his fifties, who has already served on the main board of a major group of companies. 'We want someone who is ready-made,' he says. 'We have the talent in the group, but they're not ready yet.'



Top executives are tuned in to IT

Alan Cane reports on the findings of an FT survey

Table titled 'Use of IT systems in administration and corporate strategy (UK organisations)'. Columns: 5 yrs ago%, Now%, 5 yrs time%. Rows: Internal admin services, computerised, Operational strategies, depending on IT, Broad ratio: strategic to admin use.

chief executives replied that they were largely satisfied, although there was some scope for improvement. Less than 10 per cent claimed to be completely satisfied while 20 per cent thought there was considerable room for improvement. Only 11 per cent felt unable to express an opinion.

BRITAIN'S TOP managers believe that over the past five years their companies have woken up to the challenge of using information technology in order to gain competitive advantage, but they accept that there is still a long way to go.

They now think they have mastered the problem of managing their systems efficiently, but they admit that they do not yet know how to use IT effectively.

These are the chief conclusions to emerge from a study of attitudes to IT among chief executives in UK companies carried out over the past month by the Financial Times in conjunction with the management consultancy, Price Waterhouse.

Among its principal findings are: A majority of chief executives believe they have the necessary expertise at board level to guide their companies in the strategic use of IT.

There has been a dramatic increase in the number of companies attempting to measure the efficiency of their IT operations.

The role of the data processing manager seems certain to decline as his traditional responsibilities are assumed by the IT director and his 'customers' run their own systems.

The survey is one of the largest of its kind ever undertaken in the UK with responses from 78 companies each with more than 50 employees, 98 with 501 to 5,000 and 63 with under 500.

The aim was to investigate the way top management is thinking about IT as the emphasis on computers in business shifts from their traditional use in accounting and payroll to employing them as strategic weapons in, for example, management information and marketing.

Some 227 chief executives completed and returned the questionnaire, about 15 per cent of the sample canvassed.

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American Savings International N.V. U.S. \$100,000,000 12 3/4% Guaranteed Bonds Due May 15, 1989

NOTICE IS HEREBY GIVEN that pursuant to paragraph 4(b) of the above-described Bonds (the "Bonds") and the Indenture dated as of May 15, 1984 among American Savings International N.V., as issuer ("ASI"), American Savings and Loan Association, as Guarantor, and Citibank, N.A., as Trustee, ASI hereby gives notice of its election to redeem all of the outstanding Bonds on May 15, 1988 (the "Redemption Date") at the Redemption Price of 100% of the principal amount thereof, together with accrued interest to May 15, 1988 (the "Redemption Price").

Payment of the Redemption Price will be made on the Redemption Date upon presentation and surrender of the Bonds, together (in the case of bearer Bonds) with all appurtenant interest coupons maturing subsequent to the Redemption Date, at any of the paying agents listed below.

On and after the Redemption Date, interest on the Bonds will cease to accrue and the sole right of a Holder of a Bond will be to receive the Redemption Price.

- Paying Agents: Citibank, N.A., 111 Wall Street, New York, NY 10043, U.S.A. (for Bonds in registered form); Citibank, N.A., Citicenter, 19 Le Parvis, La Defense 7, Paris, France; Citibank, N.A., Herengracht 345/549, Amsterdam, Netherlands; Citibank, N.A., Avenue de Tervuren 249, B-1150 Brussels, Belgium; Citicorp Investment Bank (Luxembourg) S.A., 16, Avenue Marie Theres, Luxembourg; Citibank, N.A., Citibank House, 336 Strand, London WC2R 1HB, England; Citibank, N.A., Neue Mainzer Strasse 40/42, D 6000 Frankfurt/Main 1, Germany; Citicorp Investment Bank (Switzerland), Bahnhofstrasse 63, 8021 Zurich, Switzerland; Citibank, N.A., Piazza Della Repubblica 2, Milan, Italy.

AMERICAN SAVINGS INTERNATIONAL N.V. Dated: March 23, 1988

Under the United States Interest and Dividend Tax Compliance Act of 1983, any payment made within the United States, including payments by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payee has not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-9 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons. Those holders who are required to provide their correct taxpayer identification on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of U.S. \$50. Please, therefore, provide the appropriate certification when presenting securities for payment if payment within the United States is sought.

Advertisement for 'Tax-Saver' featuring a large 'STOP' sign graphic. Text: 'Why let Corporation Tax and V.A.T. Penalties deter you from the benefits of Contract Hire? At Least a Fleet Contract Option that's Truly Tax Efficient. The advantages of quality contract hiring are well documented. Unhappily, to date many organisations have been unable to claim these benefits. Either they've been running cars which are valued over £25,000, with resultant corporation tax disadvantages, or have been in those business sectors unable to fully recover V.A.T. To overcome these tax disadvantages Swan National Leasing have devised TAX-SAVER, THE CONTRACT PURCHASE SCHEME. Call us now. We'll show you how to obtain all the fully underwritten benefits of a top quality contract hire service, but with all the tax savings. Tax-Saver THE CONTRACT PURCHASE SCHEME. Call 07-684-0011 NOW! from SWAN NATIONAL leasing 252

Advertisement for 'Australia-Japan Multifunction Polis Joint Feasibility Study'. Text: 'INVITATION TO CONSULTANTS TO REGISTER INTEREST'. The Australian and Japanese Governments, in association with the private sector in each country, have agreed to undertake a feasibility study into the feasibility of establishing a new 21st century urban complex in Australia. The complex is intended to create a forum for international industrial, technological, scientific and cultural exchange. Development of the complex will centre on high technology industries and services, research and development activities, and advanced educational, health and leisure facilities and services. The proposal is referred to generally as the Multifunction Polis or MFP. The objectives of the joint feasibility study will be to: further develop the basic concept of the MFP; determine the basic requirements of such a proposal and related site selection criteria; recommend a preferred location; assess the feasibility of the overall MFP proposal and its long term implications. The consultant will be required to work closely with a Joint Secretariat Group to be established by Australia and Japan to advance the feasibility study and to be located in Australia and liaise extensively with the public and private sectors in both Australia and Japan as well as the international business community. Registrations of interest are invited from consultants wishing to be considered for involvement in the feasibility study. The engagement of a consultant at this stage is in relation only to the feasibility study of the MFP proposal. The major tasks to be undertaken by the consultant will include refinement of the MFP concept, working out measures to attract high-tech and other industries to the site, and setting criteria for the selection of a site. Consultants registering an interest at this time should be able to demonstrate capabilities and achievement in areas such as: planning and management of major international projects encompassing advanced information and communications, research and development activities, education, etc.; major industrial and tourism/resort project development; urban and regional planning; project management requiring liaison with international private and public sector groups; and evaluation of social, cultural and environmental impacts. Concise drawing on international expertise would be welcomed. Registrations of interest must be sent to both Australia and Japan. One copy must be received by 1700 hours on Thursday, 28 April in either Australia or Japan. The other copy should be despatched on 28 April (or prior to this date) to the alternative address by airmail. In Australia, registrations may be addressed to: Multifunction Polis Joint Steering Committee, C/- Department of Industry, Technology and Commerce, Canberra National Convention Centre, SI Affairs Street, GANBERRA CITY ACT AUSTRALIA or be delivered to the Department of Industry, Technology and Commerce's central office as follows: Multifunction Polis Joint Steering Committee, C/- Department of Industry, Technology and Commerce, Canberra National Convention Centre, SI Affairs Street, GANBERRA CITY ACT AUSTRALIA. In Japan, registrations may be addressed or delivered to: Multifunction Polis Joint Steering Committee, C/- Industrial Structure Division, Industrial Policy Bureau, Ministry of International Trade and Industry, 1-9-1, Kasumigaoka, Chiyoda-Ku, TOKYO 100 JAPAN. Further information on the proposal may be obtained from either: Mr John Whitlaw, Telephone: 61-62-761188 or Mr Shigeru Oki, Telephone: 81-3-508-2338 OR 81-3-508-2333 (Ext. 2533).

THE ROYAL BANK OF CANADA. Dividend No. 468. Notice is hereby given that a dividend of 62 cents per share on the paid up common shares of this Bank has been declared for the current quarter and will be payable at the Bank and its Branches on and after 24 May 1988 to shareholders on record at close of business on 22 April 1988. By order of the Board, R.L. Henson, Vice President & Secretary.

JUST DESKS. Period and Reproduction Desks, File Cabinets, Writing and Boardroom Tables and Desk Chairs. JUST DESKS, DEPT. 11 20 CHURCH STREET, LONDON NW8 8EP. Tel: 01-723 7976. 6 ERSKINE ROAD, LONDON NW3 3AJ. Tel: 01-722 4902.

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CHRYSLER FINANCIAL CORPORATION. Up To US\$ 300,000.000 Floating Rate Notes Due 1989. For the period April 14, 1988 to October 14, 1988 the Notes will carry an Interest Rate of 7.625% per annum with an Interest Amount of US\$ 387.60 per US\$ 100,000 Note and of US\$ 3876.04 per US\$ 100,000 Note. Banque Paribas (Luxembourg) S.A. Agent Bank.

THE PROPERTY MARKET - EDITED BY PAUL CHEESERIGHT

MARGRAM calls itself a niche company - a property developer operating in the specialised area of the motor trade. It has just sold a package of sites with a development value of £15m to Heron International that will be, as David Davis, the chairman put it, "the seedcorn of the Heron expansion."

When Heron this week said it had a team looking for sites it was in fact referring to Margram, a company set up as a petrol station operator in 1971 by Mr Davis. But early last year Mr Davis was joined by John Bryant who had cut his teeth in the motor trade by buying, selling and developing petrol stations for none other than Heron.

Mr Bryant's arrival marked a definite shift in Margram's business, an intention to expand more vigorously into petrol station development. In the early 1980s, Margram had a chain of 15 sites. Last year it bought 40. Now following the sale to Heron and another smaller sale to Mobil, it has about a dozen. It expects to acquire 60 this year, the majority of which seem destined to be sold on to Heron.

Margram had seen its potential growth as being like Heron's in the 1960s. Now it is passing on to Heron sites which in the normal course of its plans it would have developed itself. That will clearly provide a quicker source of profits than would otherwise have been the case, but would appear to open up the risk of being absorbed into the Heron empire.

The new thrust towards development that came in with Mr Bryant had already shown up in pretax profits - £600,000 in the

Fuel of fresh growth

year to January 1987 but £1m in the year to January 1988.

With the purchase of new sites Margram has three choices. It can retain them, sell them on to Heron or an oil company, or seek a change of use for them so that other activities can be added on to the basic operation. Thus the company has links with, for example, Trusthouse Forte and McDonalds.

Financing of its operations has come largely in two ways. It can seek development funds from an oil company and offer that company in return an exclusive petrol outlet for five years. But at the same time it can use its own resources. Margram has a revolving credit facility with Barclays secured on its existing assets.

Now it has added a new element to its financing. Margram has established a new subsidiary

with Touche Bannant, the investment house. Touche Bannant is prepared to invest £3m, and has so far committed £3m, in the new company. Equity will be split: 65 per cent to Margram, 35 per cent to Touche Bannant.

Mr Davis has thus been prepared to give up potential profits to obtain the shelter of a larger partner. But the existence of a deeper purse at Margram means that the company will be able to look at sites which in the past it might not have been able to afford. Thus it has purchased a city centre site in Norwich and two more in west London.

It also means that the company can afford to be patient. Where it is involved in seeking a change of use, it will take up to two years to gain the planning consents, so that the carrying costs of a site can be extensive.

The implications of the partnership go further, however. Sometime in the next two years, Margram will seek a Stock Exchange listing. It is in a stronger position to do that with Touche Bannant as a partner.

What it will offer to the market is a company with operational subsidiaries all related to the motor trade. It has just established Margram Developments, which will be under the charge of Ed Hopkins, formerly with McDonalds.

The new company has been set up to add on catering, hotel and retail facilities to the petrol station sites, so that the property investment generates a wider cash flow than would be obtained from merely from filling operations. With a healthy cash flow from a site, Margram need never be in a position where it is forced to sell.

Revolution on the forecourts

PETROL stations are increasingly becoming more diversified retail outlets.

Given the boom in the retail and leisure property market nationwide, this trend was probably inevitable. For the property owner the diversification is a godsend: it allows a varied stream of revenue, so that even if the petrol-selling is not in itself economic, it can become worthwhile when allied to a store, a fast-food outlet, an off-licence, a video club, a hotel, a business centre or whatever.

Just as major retailing groups like Sainsbury have been backing into petrol sales, so the petrol station operators have been backing into other forms of retailing. It is hardly surprising. While margins on petrol sales fluctuate, returns on a volume of less than 250,000 gallons of petrol a year are unlikely to be spectacular. Hence a need to pile new activities on to a site.

These add-on activities help to explain a contradiction. The number of petrol stations has been contracting - from 35,000 to 29,000 in recent years - but property activity in the petrol and motor trade has been increasing especially since the second half of 1987.

Over the last ten years, according to Michael Pearce of

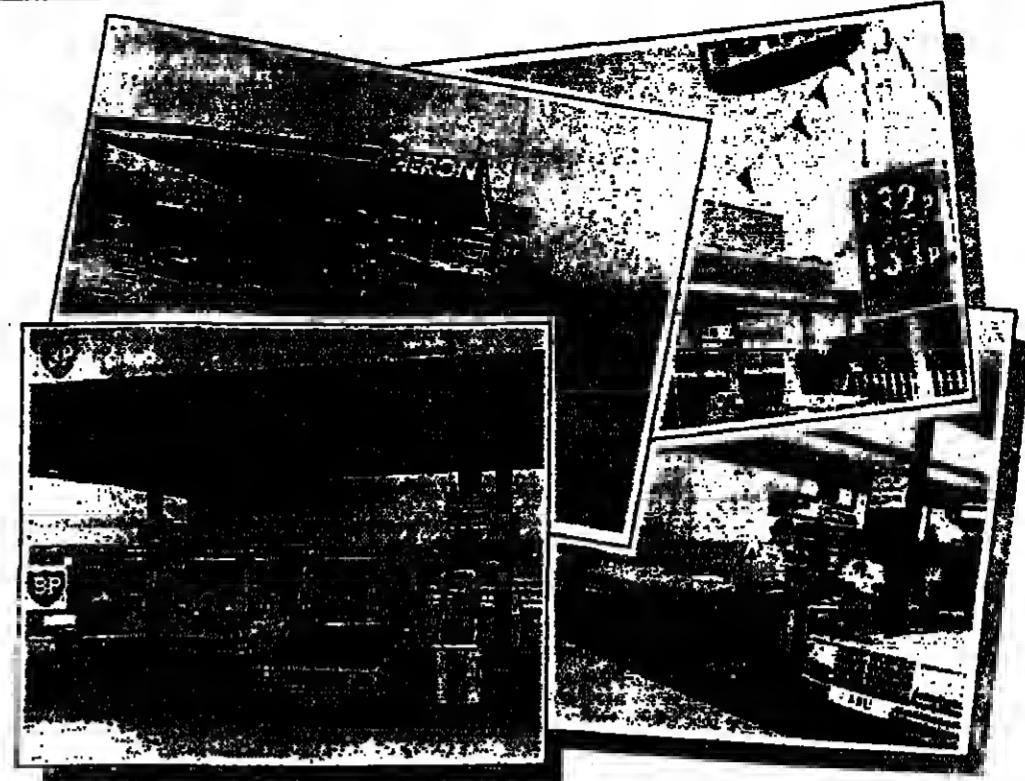
Rapleys of Huntington, chartered surveyors specialising in motor trade properties, oil companies have divested themselves from sites with a low volume of petrol sales. But over the last three years new developers have emerged promoting greenfield sites, opening new avenues for the trade.

Further, the search for sites has been spreading. Gerry Francis, at Bernay Rowland, chartered surveyors in London, made the point that congestion on the motorways has diverted traffic to the old roads, opening up new development possibilities.

This is not confined to the south. Previously the main thrust of any search for sites would have been in London and the Home Counties. But now there is a new emphasis on the Midlands and North, the regions mentioned by Heron International when earlier this week it announced a £100m expansion of its petrol-selling chain.

Partly this is a result of the spread of disposable income - the same phenomenon which has been behind the drive into retail property investment. But it is also a question of land prices.

"Prices in the south are too high to get a good bargain, and you're limited on site size.



The margins are often the same, but the initial outlay is reduced, outside the south," commented Mr Francis.

A greenfield site of one acre in the north could cost £300,000. The same site at Poters Bar outside London could run up to £800,000.


Much depends on the potential for the development of the site. An operational site in Gerrards Cross, changing hands within the motor trade, might cost £350,000. But if it

had development potential, and by this is meant the ability to add on other activities, of which a car wash is the most basic, then the price could go up to £750,000.

These sort of prices reflect the growing demand of an active market into which the major oil companies are returning. Although the market is admittedly fragmented, Mr Pearce has detected three strands.

The first belongs to the oil companies, which remain dom-

inant in the petrol station trade. The second belongs to the larger independent groups like Margram, the subject of the accompanying article, and the much bigger Heron. At this level the companies are seeking sites capable of handling petrol sales in the order of 300,000 to 400,000 gallons a year. The third is made up of smaller independent companies, each with one or two petrol stations, probably operated under a franchise from an oil company.



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This announcement appears as a matter of record only. MARCH, 1988

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International Property

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July 21, 1988

The property for sale consists of a portion of Block 111 in the heart of downtown Denver. Totalling 58,260± sq. ft., the site fronts on Champa, Curtis, and 20th Sts. Now used as a parking lot, the site is zoned B-5, which allows for high-rise development.

Properties adjacent to the site include an office/retail complex, a major hotel, and the Federal Building and Courthouse.

The auction will be held at the Denver Airport Hilton, 1-70 at Peoria St. Exit, Denver, on Thursday, July 21, 1988, 11 a.m. local time.

For Invitation for Bids only, call toll free 1-800-CSA-1313.

For additional information, call or write for the bid packet which contains details on the property, information about the exciting Denver area, and invitation for Bids No. CSA-R-1235-E.

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Phone 305-875-0111 • FAX 305-875-1928.



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Contracts & Tenders

EREGLI IRON AND STEEL WORKS, INC. TURKEY

1 Announcement is hereby made for the following two projects included within the "CAPACITY IMPROVEMENT AND MODERNIZATION PROJECT" in the integrated steel plant of Ereğli Demir ve Çelik Fabrikaları T.A.S. located at Kızılirmak Turkey. The project is aimed to increase production, improve product quality and reduce production costs and energy consumption including general and detailed engineering services and fabrication.

Project Name
A. CONTINUOUS CASTING FACILITIES NO.3 AND 4.

The continuous casting facilities annual production shall be 650,000 metric tons steel per year each. Slabs shall be 750-1350 mm wide 200 mm thick at slab caster No.3; 1000-1600 mm wide, 140 and 200 mm thick at slab caster No.4.

Continuous casting machines, hydraulic and water cooling systems, computerized control systems, buildings, hot cranes, transfer cars, piping systems; and all other mechanical electrical equipment required for a complete operating system are in the scope.

B. ONE (1)-1500 TPH CAPACITY SHIP UNLOADER AND ONE (1) 25 TONS CAPACITY HARBOUR CARGO CRANE (LEVEL LIFTING CRANE WITH JIB).

2 Tender documents for each project mentioned under A and B above may be obtained from the following address as of 11 April 1988 and after depositing 750,000.-Turkish liras for each project to EREDEMİR Cashier's Office at Kızılirmak-TURKEY indicating the project name;

EREDEMİR, Vice-President Purchasing
Foreign Purchases Department (SA/17)
Kızılirmak, TURKEY

3 Pre-Bid conference and Plant Site visits shall be conducted on 25 and 26 May 1988 respectively.

Bid closing dates for both projects A and B are 08 and 09 August 1988 respectively and no sealed bids shall be taken into consideration for evaluation if submitted to our above mentioned company address after the said dates.

4 Our company reserves the right to place the order either partially or completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

5 As the finance source either SUPPLIERS CREDIT or any credit in foreign currency provided by Erdemir shall be utilized.

6 The BIDDER or its technology supplier in case the BIDDER is a trading company must have had successful experience in design, manufacturing, supply and start-up of similar type projects. Subcontractors so selected by BIDDER or technology supplier must be well experienced companies in their respective fields also. Companies which intend to participate in this international bidding must fill in and return prequalified "QUESTIONNAIRE FORMS" attached to the tender documents in order to provide information concerning their experience until 02 and 09 May 1988 respectively.

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South East Thames Regional Health Authority
on behalf of the
Secretary of State for Social Services

Cane Hill Hospital
Coulston, Surrey
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Port Royal
OCEAN RESORT CONDOMINIUMS

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Mkt. by the Jordan Estate

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La Heredia S.A., 37 Dover Street London W1X 3RB, Tel: No. 01-489 1343

Company Notices

COMMERZBANK

NOTICE IS HEREBY GIVEN that this year's Annual General Meeting of Commerzbank AG will be held in Frankfurt on May 26, 1988.

AGENDA (abridged version)

- To consider the Bank's established Annual Accounts, the Management Report, the Report of its Supervisory Board, together with the Consolidated Annual Accounts and the Group Report, for the year ended December 31, 1987.
- To approve the payment of a dividend of DM 9 per DM 50 nominal share, thereby also approving a payment to the holders of the Bank's profit-sharing certificates of 9.75% of the latter's face value.
- To approve the actions of the Board of Managing Directors during the financial year 1987.
- To approve the actions of the Supervisory Board during the financial year 1987.
- To authorize the Board of Managing Directors to approve the issue of profit-sharing certificates - also carrying option or conversion rights - of convertible bonds or of bonds with warrants, with such rights or warrants entitling their holders to subscribe to shares of Commerzbank AG, and also to resolve on a conditional increase of the Bank's share capital, and to amend its statutes accordingly.
- To authorize the Board of Managing Directors to grant option rights for subscribing to Commerzbank shares to the holders of bonds with warrants still to be issued by a fully-owned foreign subsidiary of Commerzbank AG, and also to resolve on a conditional increase of the Bank's share capital, and to amend its statutes accordingly.
- To appoint new members of the Supervisory Board.
- To appoint Treuarbeit as the auditors for the financial year 1988.

Shareholders in the United Kingdom who wish to attend and vote at the Annual General Meeting should inform either the London Branch of Commerzbank AG at 10/11 Austin Friars, London EC2P 2JD, or S.G. Warburg & Co. Ltd., Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2PA, who will make the necessary arrangements. Such notice should be given by May 10, 1988.

Copies of the German version of Commerzbank's 1987 Annual Report will be available shortly from both Commerzbank and S.G. Warburg & Co. Ltd. The English version is currently being prepared.

COMMERZBANK AKTIENGESELLSCHAFT

Announcement from

EREGLI IRON AND STEEL WORKS CO. (ERDEMİR)/TURKEY

- Approximately 9000 metric tons of high carbon ferromanganese to be imported in two equal lots for our works 1988 requirement.
- Tender documents for this enquiry may be obtained as of 15 April 1988 from our following offices:

a) Ereğli Demir ve Çelik Fabrikaları T.A.S.
Satınalma Genel Müdür Yardımcılığı
Dis Alimler Müdürlüğü (Foreign Purchase)
Uzunkum Cad.
Kızılirmak/TURKEY

b) Ereğli Demir ve Çelik Fabrikaları T.A.S.
Satınalma Genel Müdür Yardımcılığı
Satınalma Müdürlüğü
Gümüşsuyu Cad. Dersan Han Kat.4
İstanbul/TURKEY

c) Ereğli Demir ve Çelik Fabrikaları T.A.S.
Satınalma Genel Müdür Yardımcılığı
Dis Alimler Müdürlüğü
Dis Alim Siparis Takip Şefliği
Atatürk Bulvarı, Selçuk Han No.127 Kat.5
Ankara/TURKEY

- The offers in sealed envelopes should be submitted to Ereğli Demir ve Çelik Fabrikaları T.A.S. Satınalma Genel Müdür Yardımcılığı, Uzunkum Cad. Kızılirmak/TURKEY at the latest by 12.00 hours Turkish local time on 29 April 1988.
- Our company reserves the right to place the order either partially or completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

M25 SOUTH

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FOR SALE/TO LET

All enquires:

Box T6905,
Financial Times, 10 Cannon Street,
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Mkt. by the Jordan Estate

Development Opportunity Marbella
At La Heredia, in the peaceful hills, yet only 5 minutes from Puerto Banus, a unique opportunity to purchase a site for the construction of (7,500 sq.m.) 45 apartments with full planning consent, architects plans and viability study and cash flow. £300,000 Principals only apply
La Heredia S.A., 37 Dover Street London W1X 3RB, Tel: No. 01-489 1343

Legal Notices

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
No. 601862 of 1988
IN THE MATTER OF LAWRENCE INDUSTRIES plc -and- IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 28th March 1988 presented to Her Majesty's High Court of Justice for the confirmation of the Resolution of Share Premium Account approved at the time of hearing in respect of or by Court for that purpose.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said Resolution of Share Premium Account should appear at the time of hearing in respect of or by Court for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned solicitors on payment of the regulated charge for the same.

Dated this 10th day of April 1988.

Gifford Chance
Ropes House
Aldersbury Square,
London EC2Y 7LD
Tel: 01-489-0888
Fax: 01-489-0888
Solicitors for the above-named Company.

Company Notices

GESTETNER HOLDING B.V.

£10,000,000 11% Sterling Foreign Currency Bonds 1988
FINAL REDEMPTION

Notice is hereby given that all the outstanding bonds of this loan, amounting to £5,891,000 nominal capital, will be redeemed at par on 16th May 1988, although interest thereon will cease to be payable with effect from 15th May 1988.

These bonds may be presented at the offices of the Paying Agents (set out on the reverse of the coupon), in the manner specified in Condition 6 of the Terms and Conditions of the loan printed on the bonds, for repayment of the principal and for payment of interest due against Coupon No. 10 dated 15th May 1988.

Gestetner Holding B.V. announces that for the redemption period ending on 15th May 1988 it has purchased and cancelled bonds of the above loan for £72,000 nominal capital and tendered them to the Trustee.

Bondholders electing to receive payment of principal in U.S. Dollars must give irrevocable written notice to any Paying Agent named on the reverse of the bond on or before 29th April on the appropriate form available from a Paying Agent.

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15th April 1988

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FRIDAY 20th MAY

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JOANNA DAWSON
on 01-248 8008 ext 3269

or write to her at:

Bracken House
10 Cannon Street
London
EC4P 4BY

ALSO: Property Along M4.
This Survey will now be appearing on Friday April 22nd.

Conferences

AGRICULTURAL SEMINAR INVESTMENT OPPORTUNITIES IN AUSTRALIA
WEDNESDAY 27TH APRIL 1988 AT THE AUSTRALIAN HIGH COMMISSION,
AUSTRALIA HOUSE, STRAND, LONDON, WC2

The Western Australian Government, in association with others are holding a half-day Seminar on Australian agricultural investment opportunities.

This Seminar is designed to provide detailed information on the current range of investment opportunities available in Australia for the private and corporate investor, it will provide an overview of the Australian agricultural industry, highlighting the development of new and expanding markets for our agricultural products in South East Asia, and the Australian Government's policy on overseas investment.

Admission is strictly by ticket.
For further information please:-
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or
047482 2969

Art Galleries

MICHAEL ROSENAUER,
Architect (1884-1971) Vienna - London - New York An exhibition of his Life and Work. Gallery Lingard at The Building Centre, 25 Store Street, London WC1. 7th-28th April 1988. Mon-Fri: 9.30 - 5pm; Sat: 10-1pm. Tel: 01 930 1645

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ISSUED CAPITAL: 16,862,721 shares of 50 cents each

	Consolidated Quarter ended 31 March 1988	Consolidated Quarter ended 31 December 1987
OPERATING RESULTS (Rands 000)		
Total mined	2,534	2,411
Tons sold	2,298	2,152
FINANCIAL RESULTS (Rands 000)		
Sales and other revenue	47,012	44,823
Cost of sales	41,131	39,569
Profit before tax	5,881	5,254
Tax	1,489	1,390
PROFIT AFTER TAX	4,392	3,864
Capital expenditure	1,125	885
Dividend		8,432

NOTES:
1. General Enquiries: The unexpended balance of authorized capital expenditure at 31 March 1988 was R6.8 million which includes estimates authorized for 1988.
2. Dividend: A dividend (No. 148) of 50 cents per share declared on 10 December 1987 was paid to members on 10 February 1988.

On behalf of the Board,
P.R. Janich
A.M.L. Onodi
Directors

13 April 1988

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In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 1st April, 1988 to 1st October 1988 the Notes carry an interest rate of 7 1/4% per annum. The Interest Payable on the Floating Rate Notes is 14th October against Coupon No. 15 will be US\$ 100.02 net per US\$ 5,000 Note.

AGENT BANK
CHEMICAL BANK

ARTS

Arts Week

F | S | Su | M | Tu | W | Th
18 | 19 | 20 | 21

Music

PARIS

Ensemble Instrumental a Sei Voci (Auditorium des Halles). Costley, Bertrand, Sermay (Mon). (42 30 15 5)

Hanna Schwarz (Théâtre de l'Athénée). With Erik Werba, piano (Mon). (47 42 27)

Tokyo Metropolitan Orchestra (Salle Pleyel). Conducted by Maître Wakisugi. Mozart, Tchaikovsky, Brahms (Mon). (45 63 23 73)

Berlin Radio Symphony Orchestra (TMP-Châtelet). Conducted by Riccardo Chailly. Mozart, Mahler (Mon). (45 33 44 44)

Ensemble Orchestral de Paris (Salle Pleyel). Conducted by Armin Jordan, Michael Endy, piano. Schubert, Brahms, Mozart (Tue). (45 63 23 73)

Ensemble Vocal of Neully and Ensemble Chamber Harmonia Nova (Saint-Roch Church). Faure Requiem, Caplet-Three Prayers For A Baritone conducted by Didier Bouyxou (Wed). (45 61 33 23)

Novel Orchestre Philharmonique (Radio France, Grand Auditorium). Conducted by Marek Janowski. Raphael Oleg, violin; Schubert, Berg (Wed). (45 33 15 10)

Orchestra de Paris (Salle Pleyel). Conducted by Alain Lombard, Natalia Gutman, cello, Jean Dupouy, Alec Haydn, Saint-Saëns, Beethoven (Wed, Thur). (45 63 23 73)

ITALY

Milan, Teatro alla Scala. Violinist Oleg Kagan and pianist Vasilii Leberov. Beethoven, Schubert and Schmittke (Mon). (50 91 33)

Parma, Teatro Ducale. I Solisti Aquilani conducted by Vittorio Antonelli. Rossini, Sacchini, Ciri and Bolla (Wed). (55561)

Roma, Oratorio del Gesu, Via del Condottiere 22/A. Die Kammermusik Zurich. Beethoven, Mozart, Schubert and Brahms (Thur). (58 75 583)

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic Chamber Orchestra conducted by Leif Moeck, with Maria Tito, piano; Mozart, Bartok (Tue). Christoph von Dohnanyi conducting the Concertgebouw Orchestra, with Yevgeni Kissin, piano; Brahms, Chopin, Schöenberg (Wed, Thur). (718 345)

Amsterdam, Paradiso. The Netherlands Chamber Choir and the Schöenberg Ensemble: Dallapiccola, Nono, Petrusz, Scialò, Maderna (Tue). (52 45 21)

Utrecht, Vredenburg. Leif Moeck conducting the Netherlands Philharmonic, with Elisabeth Leonskaia, piano; Janáček, Mozart, Tchaikovsky (Wed). Concert performance of Verdi's La Traviata, with the Utrecht Opera Choir and soloists conducted by John van de Kamp (Thur). Recital Hall: The Udo Reinmann Vocal Quartet, with David Selig, piano; Brahms (Tue). (31 45 44)

The Hague, Philharmonie. The Hague Philharmonic: Lotti, Schubert, Beethoven, David, Boussel (Wed). James Conlon conducting the Rotterdam Philharmonic, with Ken Noda, piano, and Hakan Hagegard, baritone; Mozart, Mahler (Thur). (60 33 10)

Schiedamschen, Circus Theatre. Performers of the 1988 Schöenberg International Flute Competition, with the Radio Symphony Orchestra conducted by Kenneth Montgomery (Thur). (65 88 00)

NEW YORK

Alfred Brendel (Carnegie Hall). All-Schubert piano recital. (Mon). (247 7800)

Philharmonie Vindicta (Town Hall). Richard Kapp music director, Thomas Young tenor, Taphonic Chorus directed by Dennis Keane. Handel, Telemann, Gilbert & Sullivan (Tue). (562 1518)

Lectore Weinstein (Merkin Hall). Viola recital. Bach, Brahms, Vaughan Williams, Tibor Serly, Karen Campbell (world premiere). (Tue). (562 5719)

New York Philharmonic (Avery Fisher Hall). Charles Dutoit conducting. Dutilleul, Ravel, Stravinsky (Tue). James de Pree conducting. Haydn, Perichelli, Tchaikovsky. (Thur). (874 2428)

Sherrill Milnes (Kaufmann Hall). Baritone recital. Handel, Marcello, Getty, Santaliquido, Somervell, Saint-Saëns (Wed). (505 1100)

Ursula Oppens (Kaufmann Hall). Piano recital. Mozart, Elster, Schubert, Elgar, Chopin, Celia Hley (Thur). (505 1100)

Meridian Arts Ensemble (Juliard Concerts at the IBM Garden Plaza). Brass quintet ensemble performs Bach, Berlioz, Joplin, Handel (Wed, 12.30, free). At 58th & Madison.

WASHINGTON

Monte Carlo Orchestra (Kennedy Center Concert Hall). Lawrence Foster conducting. Katia and Marielle Labèque duo pianos. Dukas, Bruch. National Symphony (Kennedy Center Concert Hall). Rafael Frühbeck de Burgos conducts Beethoven and Stravinsky (Tue). (254 9776)

Alfred Brendel (Kennedy Center Concert Hall). All-Schubert piano recital. (Wed). (254 3776)

CHICAGO

Chicago Symphony Orchestra Hall. Klaus Tennstedt conducting. Syng Wia Chung violin, Brahms, Schubert (Tue); Erich Leinsdorf conducting Walker Klein piano. Haydn, Stravinsky, Beethoven (Thur). (468 5111)

Opera and Ballet

LONDON

Royal Opera (Covent Garden). Peter Hall returns to Covent Garden as producer of the eagerly awaited new Salome, conducted by Christoph von Dohnanyi, with Maria Ewing in the title role, Robert Hale, Robert Tear, and Helga Dernesch. The revival of the ancient, threadbare Zeffirelli production of Lucia di Lammermoor serves for the first London showings in the title role of Edita Gruberova. John Pritchard conducts, and the cast also includes Lutz Lima, Wolfgang Brendel, and Giorgio Surjan. (240 1055)

English National Opera (Coliseum). Nicholas Rytner's new production of The Magic Flute is conducted by Ivan Fischer, and has Thomas Handley, Helen Field, John Rawles, and Gwynne Howell in the principal roles. Also in repertory: Ian Judge's production of Cavalleria rusticana over-detailed, return with a cast including Jane Eaglen, Arthur Davies, Angela Feeley, Alan Woodrow, and Jack Strachan; and Janáček's Makropulos Case, with Josephine Burrows returning to one of her most celebrated roles. (583 3161)

Royal Opera House (Covent Garden). Royal Ballet in Swan Lake. Helen Donohue, Mariella Nappi, and Richard Alton. A London season starts with

a triple bill containing its L.S. Lowry ballet, A Simple Man. Society for Lowry devotees.

PARIS

André (TMP-Châtelet). After a Chekov novella, in Vladimir Vassiliev choreography danced by Vladimir Vassiliev, Ekaterina Markova and dancers from Moscow's Bolshoi (42 33 44 44)

Talim Theatre (Salle Favart-Opéra Comique). Estonian austere Boris Godunov production with accent on the title role constitutes a counterpoint to the same opera given at the Palais Garnier in the sumptuous later version. (47 42 33 71)

Swan Lake (Palais Garnier-Paris Opéra). Rudolf Nureyev's choreography and Edouard Godeffroy's décor is danced by Elizabeth Futral/Isabella Guezin as Odette/Oldia, by Charles Jude/Laurent Babin/Séamus Lapsis as Siegfried and by Rudolf Nureyev alternating with other dancers in the role of Rothbart at (47 42 33 71)

Philharmonie Orchestra from Nice (Théâtre des Champs Elysees). Siegfried. Part of the new and dramatic production by Daniel Mengeddi of the Ring Des Nibelungen is performed by the and conducted by Gerard Marshall. Andrew Arnold, Teresa Ringholz and Claudio Niccoli together. Simon Lescant, sang in Paris, has a strong cast with Barbara Daniels in the title role, Gulliana Canella, Alm Tims and Ulrich Hübner. Stuttgart. Württembergisches Staatstheater. Fidelio, in Yuri Lyubimov's production with fine interpretations by Ingrid Henkel, Herta Welber and Geri Brunner. Der Rosenkavalier stars Anna Tomowa-Sintow, Ursula Walther and Helmut Berger-Toma. Ariadne auf Naxos conducted by Heinrich Hollnager with Ursula Walther, Anna Tomowa-Sintow, Carol Malone and James King. (54581)

Hamburg. Staatsoper. Don Carlos stars Natalia Troitskaya, Grace Bumbry, Giacomo Aragall and Patrick Rühery. Der Rosenkavalier has a strong cast with Judith Beckmann, Hildegard Hurler, Hellen Kwon and Kurt Moll. Der Fliegende Holländer completes the week with Eva-Maria Brändach, Heinz Kruse and Harald Szymanski. (53 33 81)

Frankfurt. Opera. Elektra, produced by Herbert Wernicke, will have its premiere this week. The cast includes Olivia Stapp in the title role, Amy Schindler, Helena Dose, William Cochran and John Brocheler. La Bohème has fine interpretations by György Benza, Hildegard Hurler, Jonathan Welch and Willem Verkaik. (223)

Cologne. Opera. Ringhito is respectable with Jessica Hall, Eva Tannay, Jean Lovers and Wastell Jannlein. Carl Frosch brings Margaret Marshall, Andrea Arnold, Teresa Ringholz and Claudio Niccoli together. Simon Lescant, sang in Paris, has a strong cast with Barbara Daniels in the title role, Gulliana Canella, Alm Tims and Ulrich Hübner. Stuttgart. Württembergisches Staatstheater. Fidelio, in Yuri Lyubimov's production with fine interpretations by Ingrid Henkel, Herta Welber and Geri Brunner. Der Rosenkavalier stars Anna Tomowa-Sintow, Ursula Walther and Helmut Berger-Toma. Ariadne auf Naxos conducted by Heinrich Hollnager with Ursula Walther, Anna Tomowa-Sintow, Carol Malone and James King. (54581)

WEST GERMANY

Berlin, Deutsche Oper. Die Zauberflöte brings Gudrun Sieber, Helen Donohue, Mariella Nappi and Richard Alton together. Der Fliegende

Exhibitions

WEST GERMANY

Berlin, Martin-Gropius Bau. Joseph Beuys (1927-1986). This is the first complete show of Beuys works ever presented in Berlin. There are about 180 room-sculptures and objects and about 450 paintings from the end of the 1960s to the end of the 1980s based on a cycle, The Secret Book for a Secret Person in Ireland. The sculptures are an echo of real life and the artist's memories. Beuys was a political radical, who

attracted plenty of hostility. This exhibition has been criticised for not showing this aspect. Stresemannstrasse 110. Ends May 1.

Bretrop, Joseph Albers Museum, Im Stadthagen 20. To commemorate the 100th anniversary of Josef Albers' birth, 100 paintings of the artist, born in Bretrop (1888-1976), cover the full range of his work. Ends May 5.

Bad Homburg, Städt. Museums-Lowenhaus/Dorotheenhof. From Max Ernst to Picasso, 22 great works of European painting, on loan from Wuppertal von der Heydt Museum and three paintings from Mexico. Ends April 24.

Hamburg, Kunsthalle Glockengießerwall. The paintings of court of Henry VIII from the Queen's library collection at Windsor Castle. Holbein's 50 paintings, on loan from the Deutscher Kunstarchiv, exhibit for the first time in Germany. The pictures show figures from the court of Henry VIII and from the City of London, and reflect England's close contact with continental styles. Holbein was born in Augsburg, Germany in 1490, grew up in Basel and died in 1533 in London. He painted these pictures in London between 1526 and 1533. Ends May 24.

AMSTERDAM

Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2000 years of cultural history. Ends April 21.

Museum van Gogh. The printroom's 200 finest 18th and 19th century engravings and 270 works covers 80 years of the artist's career from his student beginnings in Italy to the rich maturity of his last years. His favourite themes of battle scenes, the glory of colour in his paintings. (42 77 12 33) Closed Tue. Ends June 5.

Jewish Historical Museum. To celebrate the 100th anniversary of the founding of the state of Israel, an exhibition devoted to the theme of light in Jewish ritual, with lamps and menorahs, especially coronets designed from modern Israeli and Dutch artists. Ends June 12.

Rotterdam, Boymans van Beuningen Museum. The textiles of Noëlle and the glass artistry of Lino Tagliapietra inspired by the Light of the Hagson and the long tradition of Venetian craftsmanship. Ends May 23.

The Hague, Gemeentemuseum. A lavishly illustrated exhibition on the development from figurative to abstraction, together with 70 paintings and drawings from the late New York period, on loan from the Sidney Janis collection. Ends May 28.

PARIS

Musée d'Orsay. Van Gogh in Paris. To mark the centenary of Van Gogh's two-year stay in Paris, a period which proved a turning point in his artistic development, the Musée d'Orsay has assembled more than 50 of his paintings and a dozen of his drawings from national and private collections. By hanging landscapes and still life by Monet, Augustin, Renoir, Toulouse-Lautrec and Signac next to Van Gogh's work, the exhibition brings out their influence on the transmission of the Dutch artist's traditional square colours into a soft, impressionist palette underlined by contrasts of blue and orange, reds and greens. Yet in spite of the revelation of his affinities with impressionism and post-impressionism structured by a strong dose of symbolism, Van Gogh used both the techniques in his search for his own, profoundly personal art expressed most dramatically in the last period of his self-portraits. (45 40 48 14). Closed Mon. Ends May 15.

Centre Georges Pompidou. La Dernière Picasso 1933-1972. By placing the last 30 years of Picasso's work in the context of contemporary art, the 85 paintings, 34 drawings and 70

sculptures exhibited permit a fresh approach to the work of one of the few artists who returned to Austria after 1945. The collection focuses on Elser's book illustrations. Ends May 15.

Anschluss, Rathaus, Vienna City Hall. Is commemorating the Anschluss, the German annexation of Austria in 1938 by a large art and glass exhibition, along with a display by Hitler's march into Vienna and the eclipse and eventual destruction of the Jewish culture. Ends June 30.

Alfred Hrdlicka, Kunstraum, Messepalast. Austria's leading sculptor celebrates his 80th birthday with an exhibition of his work, all carved in stone. Hrdlicka is an inspiring and energetic artist who shows no signs of retiring. Ends May 28.

The cultural legacy of Vienna's Jews. Historisches Museum, Karlsplatz. Exhibits preserved by Max Kasper make up this large exhibition which conveys the sense of loss as much as the community's artistic richness. Ends June 5.

NEW YORK

Fragment, Metropolitan Museum of Art. Every phase of Fragonard's art is included in this, the first comprehensive exhibition of his works that captures France in the last decades of the ancien régime. With 90 paintings and 120 drawings, the show comes from the Louvre with his studies of figures in the last decade of his life, as well as paintings like The Fête at St. Cloud and The Bazaar. Ends May 8.

Charles Demuth, sketchbooks, Museum of Modern Art. More than 100 sketches follow the career of the pioneering Impressionist from 1892 to 1935, with examples of his major themes, from copies of Rembrandt's sculpture to landscaped still lifes and bathers. Ends June 5.

WASHINGTON

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 9th and 8th centuries BC with silhouette stick figures and ending with the naturalism perfected in the 4th century BC. Ends June 12.

National Gallery. To mark the 500th anniversary of the first Swedish colony in North America, a royal treasury covering four Swedish master artists in the 16th and 17th centuries will show Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the national museum and the royal collection. Best View. Ends Sept 5.

CHICAGO

Georgia O'Keeffe, Art Institute. A century retrospective of the work of Georgia O'Keeffe evokes the world of flowers and skulls in the luminous light of New Mexico. Ends June 28.

TOKYO

Kodama, Spiral Garden, at Omotesando. Kodama is a Japanese word which can mean either spirit of

Continued on Page 21

Now,

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YOUR VIEWS

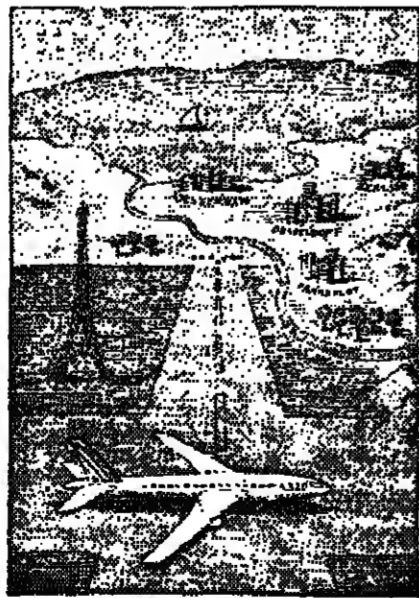
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ARTS

Cinema/Nigel Andrews

Kundera goes to Hollywood

The Unbearable Lightness Of Being directed by Philip Kaufman...

The Russian invasion of Czechoslovakia in 1968 marked the only time in history that a nation has had its clocks put back in spring...

For Kundera, who lives in exile in Paris, there is a grim heroism in the story's central figure...

On but authentic - an echo of the original's tragic voice.

Single fathers battling to raise motherless children have become a staple of 1980s cinema...

A brilliant but failed computer systems engineer (sic), Mr Hill now stalks London like a Graham Greene hero...



Juliette Binoche and Daniel Day Lewis

tried to warn the participants from my seat in the stalls. But that is the least of director Richard Longrairie's problems...

Bernadette, however, is beyond hope. This is the story of the eventually canonized French girl who saw a vision in Lourdes...

But it is about the only interesting perspective on offer. Elsewhere the film drifts insipidly through its A to Z account...

Much Ado About Nothing/Stratford-upon-Avon

Martin Hoyle



Clive Merrison as Benedick

With a chic art deco look to the side rows of seats that now sweep down to the stage...

Chief sin in this exasperating three hours of missed chances is the waste of what should be perfect casting...

The production begins with a striking picture of sunbathers on a white terrace...

The City of Portsmouth inaugurated its triennial international string quartet competition to 1979...

String quartets at Portsmouth

Max Loppert

There were 24 entrant groups - an extraordinarily high number - from as far afield as New Zealand, Australia, and mainland China...

rumour has it that in 1981 the competition could well be transferred to London...

Orphée/Seattle Opera

Andrew Porter

Although Gluck was one of the six names blazoned on the program arch of the old Maye bicentenary year...

Max Loppert and I live in a peculiarly unlovely house in a lovely suburb...

1988 Brighton Jazz Festival

This year's Brighton Jazz Festival, the fifth, runs from May 6 to 30 and once again features an international line-up...

Chaikovsky/Festival Hall

Andrew Clements

The all-Chaikovsky concert presented under the auspices of the Royal Philharmonic Society at the Festival Hall on Wednesday night was a superior example of a much-abused genre...

ENO operas for 1988-89

Max Loppert

Three important producers - one of them a company commissioner from Philip Glass - are included in the list of the season's productions...

Saleroom/Susan Moore

Off the library shelf

Despite the outcry from My Lords Norfolk, Northumberland and Perth, the sale of duplicates from the John Rylands University Library of Manchester went ahead at Sotheby's yesterday...

At Christie's South Kensington, another institutional collection was being refined. The Time Museum of Rockford, Illinois sold some 100 out of its curious 3,000 time-measuring instruments...

Bibliophiles responded by spending £1,838,760, well over Sotheby's expectations. Only 137 per cent remained unsold.

Arts Guide

Continued from Page 20

wood or ochre. This exhibition features wood sculptures by two Japanese artists whose works complement each other...

Ueno. Tokyo Metropolitan Art Museum. Japan in the 1930s. More than 600 works (paintings, photographs, architectural designs, stage sets) tracing cultural and artistic developments in and around the peninsula...

Art Deco Glass by Rene Lalique. Teien Museum, Meguro. The museum is a former paper mill. Deco interiors in the world. Among its many treasures is a set of doors with relief figures of winged griffons...

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Geneva Coates taking to match the traditional Emile Belmont out of her hair.

Shirley Valentine (Vauxhall). Posh. Collage in fine and funny monodrama by Willy Russell of Liverpool for a Liverpool Theatre Festival...

London. A Touch of the Feet (Comedy). Versatile and thoughtful. Comedy. In a profile of the London theatre scene, this week's London Theatre Festival...

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Geneva Coates taking to match the traditional Emile Belmont out of her hair.

NEW YORK. Fences (4th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with the powerful tale of an old baseball player raising a family in an industrial city in the 1950s...

Chicago. A Flat in Her Ear (Goodman). The history of the play is the story of Feyder's first visit to Paris in 1935, directed by Michael Maggio.

Tokyo. The War of the Roses (English). Tokyo Globe Theatre. The English Shakespeare Company opens Tokyo's newest theatre with Michael Bogdanov's lively and inventive production of Shakespeare's English history play Henry IV...

Washington. The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lily Tomlin repeats her Tony award-winning solo performance of the crazy people who inhabit her funny and strange imagination.

FINANCIAL TIMES

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Friday April 15 1988

Problems of buying time

IT LOOKS as though a mischievous poltergeist is the eighth participant in meetings of the Group of Seven. The last full meeting in September 1987 saw the announcement of grand plans for currency management, along with general self-congratulation on the exchange rate stability achieved after the Louvre Accord of February 1987. Just three weeks later came Black Monday, itself followed by the slide of the dollar.

This week's meeting was a relatively chastened affair followed by a suitably anxious communiqué. Nevertheless, the ministers and governors did renew their commitment to avoiding either a decline or a rise in the dollar, or "excessive fluctuations" in exchange rates.

The poltergeist has been listening. The announcement of a US trade deficit for February of \$13.85bn is both an unpleasant surprise and a reminder. It is an unpleasant surprise because it is more than \$2 1/2bn above the consensus expectation and the largest deficit for a single month since October 1985.

Uncertain projections
The projections for the US current account deficit issued by the IMF just before the meeting were that the deficit of \$160bn in 1987 would be reduced to \$140bn in 1988 and \$130bn in 1989. All such projections are highly uncertain, as the IMF economists would be the first to admit.

Impatience with General Noriega
The Reagan Administration's efforts to remove General Manuel Antonio Noriega, Panama's military strongman, have entered a new and potentially dangerous stage.

Gradualist plan
More than three weeks ago a reconstruction of the Defence Forces was begun which included the promotion of officers acceptable to the US. This was part of a gradualist plan for Gen Noriega to step down with a negotiated place of exile.

Military support
He has been able to do this because he still commands the support of the Defence Forces, who are the only ones with the guns, and because the opposition have never been prepared to put their own lives at risk.

Official intervention
In 1987 some 80 per cent of the total finance is thought to have been through official intervention. What has been happening so far in 1988 is at present unknown, but the impression is that intervention has been relatively modest.

recession in 1988. Indeed, the IMF projects GNP growth at 2.5 per cent. With continued growth of domestic demand and the slow build-up of export capacity, the external adjustment is bound to be rather slow.

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Anatole Kaletsky examines how far Michael Dukakis can take credit for the 'Massachusetts Miracle'

A showdown with the sceptics

BY THIS TIME next week, Governor Michael Dukakis may well have clinched the Democratic nomination for the US presidency. Like Governors Ronald Reagan and Jimmy Carter before him, Mr Dukakis will be a relatively obscure local politician aspiring in national leadership on the basis of accomplishments in his home state.

But unlike the other candidates, who managed to sweep incumbent parties out of Washington in 1976 and 1980, Mr Dukakis is emphasising concrete achievements rather than personal qualities.

Mr Dukakis claims to have a proven record of managerial competence, in contrast to the complacent inertia of the Reagan Administration's waning years. He hopes to get his message across in one powerful slogan: the "Massachusetts Miracle".

In terms of both personal affluence and the absence of serious poverty, the Boston area is probably the closest thing to Switzerland in the US. The streets are clean, the public transport system works, red-brick colonial halls and mansions straggle comfortably alongside towering bank headquarters and there are almost no beggars.

But far more important than the city's attractive appearance is the objective reality of full employment. The unemployment rate in Massachusetts, at 2.9 per cent, is half the national average and lower than in any other state except adjacent New Hampshire - which owes much of its affluence to its bigger neighbour.

Earnings since 1982 have risen much faster than in the US as a whole. Income is the fourth highest, after Alaska and the New York dormitory regions of Connecticut and New Jersey.

But what makes the Massachusetts story sound miraculous is as much its grim beginning as its happy ending. When Mr Dukakis first came to office in 1975, the state's economy - developed around textiles, footwear, metalworking and shipbuilding - was in collapse. The jobless rate had more than doubled in four years to 11.2 per cent, a third above the national rate of 8.5 per cent and easily the highest among the 10 main industrial states.

This was the biggest US state deficit in recorded fiscal history. It triggered the immediate collapse of Massachusetts' credit and required a federal government bailout to avert a bond default. These crippling deficits came in a state which had for years been nicknamed "taxachusetts", labouring as it did under one of the heaviest personal tax burdens in the country.

How much credit can Mr Dukakis claim for the unexpected and spectacular recovery? On this question, economists and businessmen in Massachusetts are virtually unanimous. Mr Dukakis had very little to do with the turnaround since it is clear, at least in retrospect, that the economy was already poised for recovery by the time he arrived at the State House. Yet it is generally done, the more sophisticated claims made by Dukakis supporters.

Hardly Elisir d'Amore
The fans at Milan's La Scala opera house can be rough on performers, but rarely have they been quite as rowdy as at Wednesday night's ill-starred debut of Donizetti's "L'Elisir d'Amore".

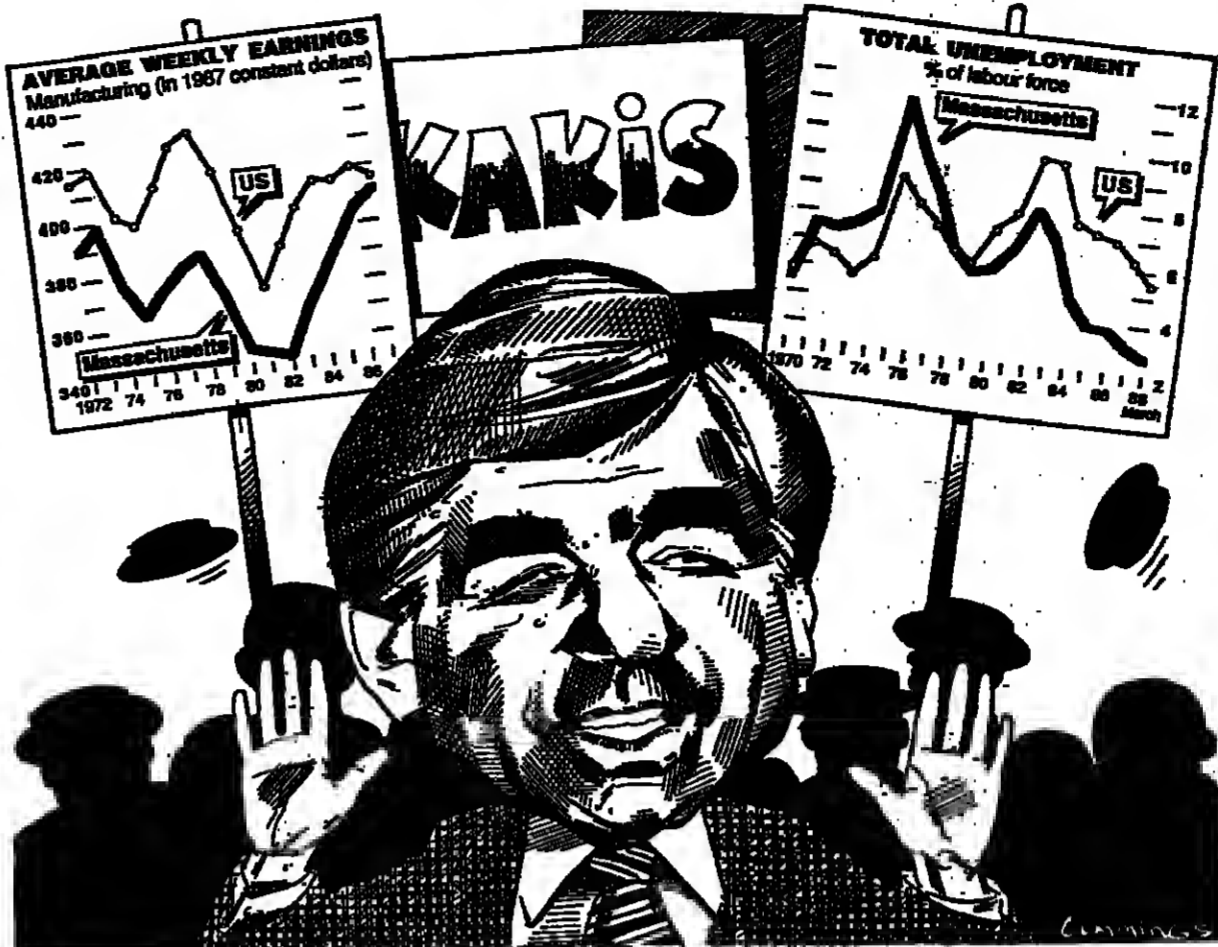
Not so dirty Den
It is two years since Millwall Football Club was on the verge of winding up and more than 60 years since Aston Villa inflicted the team's heaviest defeat (9-1). Now, for the first time in their history, they are at the threshold of the first division.

Bull for BTR
It looks like musical chairs at British Telecom and BTR. It was announced last month that Barry Bonnell, the BTR finance director, was leaving to take up a similar post at Telecom.

Breakfast salmon
It is a real King to get going. And the banquet given by the Corporation of the City of London for King Olav V of Norway.

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Mr Dukakis has undergone a 'Saul to Paul conversion'

The state's economic prospects were transformed in the late 1970s by two developments. First there was the gradual expansion of US defence spending after its post-Vietnam nadir in 1975. Because of its high-technology orientation, Massachusetts received a high proportion of its income - about 7 per cent of gross state product - from defence spending, although it is less dependent on the Pentagon than a handful of other states, including California.

Since 1984, however, the mini-computer industry has suffered setbacks. Even Digital has just reported an 11 per cent drop in third quarter pre-tax earnings. In the last three years, Massachusetts has started losing manufacturing jobs at a disquieting rate of nearly 3 per cent annually. So far, the losses have been more than offset by big gains in the finance, trade and construction sectors. And state government policies can probably take some credit for the extension of the success story beyond its initial high-tech phase.

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factor. The strength of the mini-computer industry - using the chips as a sophisticated raw material - helped the state's high-technology employment to grow much faster than overall employment in the technology sectors of the US economy.

Boston's financial services have grown at about the same rate as the nation's financial sector. As Mr David Lampe, assistant director of MIT's office of industrial development and editor of a forthcoming book on the Massachusetts Miracle, observes: "The real driving force behind the miracle was not just high-technology, but one particular technology - the mini-computer. This was created in our backyard when Ken Olsen left MIT to start Digital Equipment. We've always had high technology, but in the late 1970s this product suddenly became incredibly cheap and found a virtually unlimited marketplace."

Digital, which started as a tiny enterprise in the 1950s working almost exclusively for the Defence Department, has become the world's second largest computer company. Along with other local mini-computer concerns - including Wang, Data General, Prime and Apollo Computers - Digital accounted for a large part of the state's high-tech growth.

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OBSERVER

rather than a straight swap." In fact, he was head-bumped.

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leader in creating new roles for states to play in economic policy," according to Mr Ronald Ferguson of Harvard's Kennedy School of Government. Most of these policies, involving public training initiatives and state-backed financing institutions have been only marginally significant, but two types of action seem to have had a bigger effect.

According to Mr Harry Foden, chief economist at Arthur D. Little, the large high-tech research and consulting firm, aggressive regional policies, operating less through financial incentives than through infrastructure projects and development controls, have pushed some jobs away from the over-populated suburbs along Route 128 and into formerly decaying industrial cities.

Mr Dukakis argues that these measures have limited inflationary pressures in Massachusetts. At the national level, he says that genuine full employment could be restored "without the threat of inflation if we could get the jobs to places where they are needed."

More generally, he has managed to perform a tricky balancing act between creating a "favourable business environment," as demanded by corporate lobbyists, and improving the "quality of life," in accordance with the wishes of the politically vocal electorate.

Thus, taxes as a proportion of personal income are now well below the US average. Today, 70 per cent of the members of the Massachusetts High Technology Council report that the state is a "good or excellent place to do business." Ten years ago, according to the council's chairman, Mr Steve Levy, "70 per cent would have said it was a bad place to operate."

Admittedly, some businessmen balk at giving Mr Dukakis credit for these improvements. Until 1978, when he was ousted by a right-wing Democratic challenger, Mr Dukakis was seen as arrogant and hostile to business interests. However, when he was re-elected in 1982, Mr Dukakis had undergone what Mr Howell, of Bank of Boston, describes as a "Saul to Paul conversion."

Although he has continued to seek new taxes and oppose big cuts in government spending, he has become a listener, a negotiator, a supporter of partnership with business," according to Mr John Magee, chairman of Arthur D. Little.

The Governor's consensus-building efforts range from bargaining on hazardous waste legislation to setting up government, business, academic and labour commissions on the long-term future of the state's technologies. Groups like this may never identify the innovation needed to replace mini-computers in the state's economy, but Mr Dukakis believes that the experience could provide a model for a President tackling such intractable national problems as the federal budget deficit.

You communicate and you try to work with the business community in a constructive way to help them understand that this is the direction in which you want the country to move," is how he characterises his approach to economic policy. According to some of his advisers, this attitude could even represent a first step towards a Japanese-style response to international trading challenges, through co-ordinated competition in a free market framework.

Whether the US electorate, with its traditional scepticism for government interference with free enterprise, would be interested in such corporatist solutions to the nation's problems is, of course, uncertain. But if Mr Dukakis is nominated, his economic record may, at least, have the virtue of provoking some serious thought and debate.

"The Massachusetts Miracle, edited by David Lampe, MIT Press, May 1988



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Andrew Whitley reports from Shilo, on the Israeli-occupied West Bank

Fervent settlers who feel their views will win

ISRAELI Government is making a determined effort to appease Jewish settlers in the occupied territories, in upsurge over the death last week of a girl from the ultra-nationalist settlement of Elon Moreh.

Even though an army report is putting the blame for 25-year-old Tirza Porat's death on one of her armed escorts, concern that the 70,000 settlers might go on the rampage has prompted unusually harsh reprisals against the small Arab village of Beita, where the incident took place. Last weekend, 14 houses in the village were blown up; official reprisals are normally limited to the demolition of two or three houses. Deportation orders were served on six of Beita's residents.

Settler leaders are picketing the Jerusalem residence of Mr Yitzhak Shamir, the Prime Minister, who sympathises with their cause. They are demanding the right to use their guns to shoot Arab stone-throwers on sight. They also want the Government to go further than it did on Monday, when eight alleged leaders of the Palestinian uprising were expelled to Lebanon, and to include prominent Palestinian moderates such as Mr Hama Shalwa, editor of the newspaper, Al Fajr.

To rub home the point of whose land the settlers say this is, next week - when, according to the Jewish calendar, the Prime Minister will be in Jerusalem - the Gush Emunim movement is planning a mass walk along the valley near Beita. Gush Emunim, "Bloc of the Faithful", is the militant settlers' lobbying arm; its members, many fervently religious, comprise the great bulk of the 70,000 Israeli settlers in the occupied territories. The walk planned next week will complete the route being taken by the Elon Moreh teenagers when they were attacked by stones.

In incidents which followed Tirza Porat's death, two Arab youths were shot dead by a settler and another a few hours later at the hands of the Israeli army. Not for the first time in Israel's recent history, the fall, in the shape of the militant settlement movement, has shown its ability to wag the dog. "We are a tremendous political force. It gives us comfort that we are something that is reckoned with," says Mr Israel Medad, a resident of this 10-year-old religious community on the hilltop site of an ancient Jewish tribal capital.

"Without the settlers, in the face of all the pressure Israel has had to contend with - the Shultz initiative and so on - the country would have collapsed long ago," he says. Mr Medad, a 40-year-old American immigrant, is a member of the Council of Jewish Communities in Judea, Samaria and Gaza, a retired lawyer from New York state, and his views are typical of those expressed in Shilo.

No one here has any doubts that deeply ingrained Arab hostility to Jews and the state of Israel has lessened not a whit in recent years, whatever others may say, and that the ultimate goal of the Arabs remains to drive the Jews into the sea.

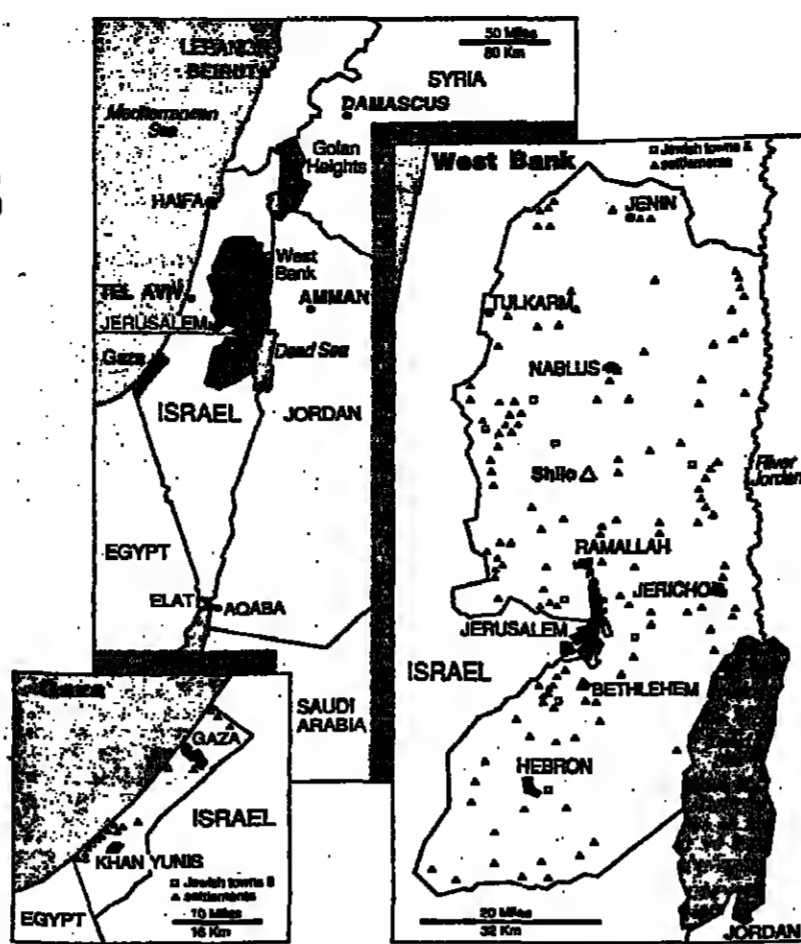
"I don't believe the Arabs have lessened their hate for us. They have blood in their mouths. They are a people full of hate," says Mr Samir Kessler, a retired lawyer from New York state, now growing trees on the stony hillside. A ruffian volcano of a man with earthy, trenchant opinions, Mr Kessler

Settler leaders are demanding the right to shoot stone-throwing Arabs on sight.

is scornful of what he regards as the Shamir Government's weak-kneed handling of the uprising. "You don't pick up a rock and throw it at a cop in New York. Otherwise," he says, "you're dropping along an imaginary revolver," real dropers would be shot.

Arguing that Israel needs "a leadership" like the Trade and Industry Minister Ariel Sharon, a former Defence Minister waiting in the wings, this Shilo resident blamed the Government's equivocation on its excessive concern for world opinion.

In common with his neighbours, Mr Kessler does admit that after a disastrous third start, the army has begun to get to grips with the situation over the past few weeks. "It's no longer always looking over its shoulder to satisfy the goy (non-Jew)," he says.



In fact, life in Shilo - unusual among the settlements that it has no barbed-wire perimeter fence or permanently guarded entrance gate - has been relatively little changed over the past four months. Contact with local Arabs has virtually halted, and some of the women are taking weapons training, but during the recent Passover holidays families strolled across the flow-er-filled hills, the bloody events in Beita and elsewhere notwithstanding.

Anxiety only really begins to rise when they venture along the main roads, where their cars and buses have to pass several Arab villages and refugee camps on the way to work or school in Jerusalem and Tel Aviv. Jerusalem is 45 minutes away and, at times, the settlers' distinctive yellow number plates have had to run a gauntlet of stones and fire-bombs. To protect Israeli traffic now, the army often provides either an escorting jeep or an on-board armed soldier.

Mrs Rivka Morantz, her head demurely covered in a scarf, arms and ankles concealed under a long blue dress, watches Jordanian television broadcasts from across the border, 20 miles to the east. She cites the nightly weather forecast from the state-run television station as "a perfect example" of Arab unwillingness to accept Israel's existence. The green-coloured map shows the expected weather from the Mediterranean across to Jordan's eastern border, as if the entire region were one state.

In 1970 the 15-year-old English schoolgirl, then Rivka Taylor, emigrated with

her family from Stamford Hill, London. After marrying a native-born Israeli, Mr Haim Morantz, one of the founders of Shilo, she moved with him into the fledgling settlement - set up under the cover of being an archaeological dig so as to overcome government restrictions. The fact that she and many other Shilo residents continue to watch TV broadcasts from a hostile Arab state, in preference to those put out by Israel, epitomises the alienation most of the Jewish settlers appear to feel from the mainstream of Israeli society. The Israeli media are perceived as solidly hostile to the settlers. Israeli coverage of the unrest - mild by western standards - has only deepened the mistrust and dislike the settlers display for all journalists.

According to the rumbustious tree-farmer, TV cameras and reporters should have been barred from the occupied territories from the outset. Using an argument heard in every crisis spot, he insists that the presence of the media aggravates the situation.

There is ill-concealed satisfaction in Shilo that the unrest has spread to Arab-majority districts in Israel proper, behind the pre-1967 Green Line, because this can be used to justify to fellow Israelis the settlers' contention that they are all part of one battle. It is not just a fight for Jews to live in Arab Hebron - in the West Bank - but for Haifa and Jaffa, on the coast.

Calling the minor disturbances so far among Israeli Arabs "a trump card in our favour", Mr Medad argues: "You have to look at the whole picture. The

Green Line has disappeared. Instead, there's a 'Blue Line' of the Jordan river or of the Mediterranean. It can only be one or the other (for us). The army's crackdown on Beita surprised and pleased the settlers, confident that opinion in Israel is finally swinging in their direction. In the country's forthcoming general election the issue of the territories Israel has held for 21 years is certain to be a central theme, and despite the standstillness of most Israelis towards their cause, the settlers are convinced that a large majority will vote to retain the region permanently. The young conscript soldiers serving in the occupied territories - bearing the brunt of much of the unpleasantness - will be voting for the first time, and they are thought to have had their eyes opened by the experience.

What angers the settlers is their feeling that secular Israelis, who constitute a majority of the population, have lost their ideological fervour, in pursuit of consumerism and a "normal" way of life, identical to that of other countries. A pistol stuck in his belt as he prepares to go out for a few hours of night-time guard duty, Mr Morantz speaks bitterly about lack of support from his fellow countrymen. "The non-religious are losing their patriotism."

Although none of the settlers have yet been brought to trial, seven or eight of the nearly 140 violent Palestinian deaths recorded since December 1 have been attributed to them. It is a number which, to Shilo at least, is considered remarkably low, given all the provocation they feel they have had to endure. "Considering that we are to a state of semi-war, there has been a great deal of restraint on our part," says the council member. "We're not bloodthirsty fanatics, as we are depicted, we do have moral restraints."

Using a Hebrew catchphrase roughly translatable as "We've been at this show before", the settlers see the present violence as only the latest outburst in periodic waves of anti-Jewish unrest in Palestine going back to what historians call the Great Arab Revolt of 1936-38. Stand firm and show the Arabs that the Jews are masters in their own house, and half the problems will disappear, they argue. And if the Arabs don't like it, they can always go to their brethren elsewhere in the Arab world. "They'll adjust after a generation," says Mr Kessler.

As for the prospect of parts of the West Bank and Gaza Strip, including Jewish settlements, being handed back to Jordan, few are yet prepared to face such an eventuality head-on. Even though the principle has been a tenet of the Israeli Labour Party's policy since 1977, and is at the heart of the current US peace initiative, none can conceive of living for long under a Jordanian flag.

While the Morantz feel that most would, reluctantly, go back across the border, their neighbours the Medads are not so sure. The scenario they foresee is a much more chilling one: "If an Arab uprising has been difficult, think about a Jewish one," says Israel Medad. "Most Israelis would say. Then, two weeks later, they would rise up again to rejoin Israel. We're not giving up our guns."

Lombard

Bridging the regional divide

By Michael Prowse

"Daddy, I won't live in a deprived area". Ken Matthews had not expected his family to relish his relocation to the south east of England. But his 14-year-old daughter was taking the news particularly badly.

"The south east is not so awful", he reassured her, "we shall be closer to the Channel Tunnel and able to drive more easily to all your favourite European cities. Besides there is lots to do in London. We can visit the Stock Exchange museum - that would be useful for your project on the decline of financial services industries."

"I can get all the information I need on my terminal here in Swalecliffe", replied Rebecca tartly. "In any case, it's much more fun to use our own jet and fly from one of the modern northern airports. Who wants to use the longest, dirtiest tunnel in the world?"

History had never been Ken's strong point. But he did vaguely recall that the tunnel was generally regarded as one of the most stupid infrastructure projects ever undertaken. As a white elephant, it was said to rival the "Concorde" - an uneconomic train invented in the 1960s, or so Ken believed. The planners had totally failed to appreciate the impact of airline deregulation in Europe.

"The south east", continued his daughter, "has the lowest headline reading of any region in the UK. It's a full 20 points below the national average. Can't you continue to telecommute from Yorkshire? My teacher says business is best conducted without face-to-face contact that is the way to minimise interpersonal friction."

The headline "quality of life" index was named after a Conservative prime minister who had briefly held office in the late 1980s. Headline had been the first Tory politician fully to comprehend the scale of psychological, social and environmental damage inflicted by the Thatcher growth revolution. Although Mrs Thatcher had resigned in 1990, her policies were pursued even more fervently by her successors, Nigel Lawson and John Major. Messrs Lawson and Moore had abolished all planning restric-

tions in the south east, designating it the world's first "totally free" market. The resulting unregulated boom made greater Tokyo look like a peaceful rural retreat. Headline, after more than a decade on the backbenches, successfully wrested the leadership from the neo-libertarians with a series of tub-thumping speeches reminiscent of President Jesse Jackson at his heart-stirring best. "Life", Mr Headline used to cry, his white locks flapping, "is more than GNP growth."

The Headline Green revolution split the Tory Party and caused it to lose the 1993 election. But the first "Democrat" government of the new century, like administrations in most developed countries, was canny enough to recognise that "quality of life" was a concept whose time had come. Hackneyed expressions like "popular capitalism" were quickly consigned to the dustbin of political correctness. Britain had had its fill of markets and enterprise.

Ken awoke from his reverie to find his daughter still ridiculing the idea of living in Guildford. "It's not just the congestion, the pollution, the crime, and the tiny gardens", she complained, "it's the lack of style: nobody who is anybody would consider living there. Wales or Cornwall would do; even Northern Ireland might be fun - the countryside is beautiful and next year is the 25th anniversary of the Peace Settlement. But Surrey - how can I tell my friends?"

"It will do you good to meet children who are less fortunate than yourself", Ken replied. "Some of the kids in the south east have never seen open moorland, never ridden a horse for that matter, or fished in a real stream. They become cross-eyed from playing video games and watching TV."

"The real problem", he continued, "is that Britain has become two nations. Nowadays, it is only the middle classes who can afford to live in the pleasant parts of the UK. You need money - big money - to insulate yourself from the environmental horrors of the south east. I'd vote for any party that promised to introduce a decent regional policy..."

Understanding pension schemes

From Mr G. H. Redman
Sir, Recent letters in your columns have highlighted once again the problem of understanding the rationale of defined benefit pension schemes in comparison with the apparent ease with which money purchase schemes can be explained.

An employer may decide to establish and sponsor a funded pension scheme in which the benefits are defined according to certain criteria (for example, salary and length of service) at retirement, or on previous death, or leaving service. The transferable value of the benefit on leaving service is then calculated as the value of the defined benefits that have been defined on leaving service. To the layman, this is both esoteric and difficult to understand, and it is vital that the concepts involved are clearly laid down and not left to the small print.

Alternatively, the benefit may be defined according to the contributions paid. This sounds simple, but it is just as important that the potential pitfalls are adequately explained.

In the defined benefit case, the ultimate benefits will quite correctly bear no direct relation to the contributions paid, and must not be thought of as representing an employee's deferred pay. The employer has contracted with the employee to provide a certain level of benefits, and the employer's obligation is to ensure that the benefit promises can be met, but the assets as such are not identifiable with any particular member. If, for example, the employer wishes to augment the benefits for a particular employee or group of employees and the assets of the scheme are sufficient to support the cost without diminishing the security of other members' benefits, then this is a benefit design issue rather than any inequitable redistribution of resources.

In the money purchase case, on the other hand, the ultimate benefits will bear no direct relation to the member's length of service

Letters to the Editor

Share option plans retain attractions

From Mr George Copeman
Sir, There are several reasons why the replacement of share option schemes by cash bonus systems, as reported in just two cases by Mr Peter Brown (Letters April 7), is short-sighted.

First, cash bonuses are not the only means of rewarding local unit performance. The exercise of share options on group shares can be, and in some companies is, triggered by local unit performance.

Second, the recent Budget reaffirmed draft legislation to remove difficulties over employee share plans using subsidiary company shares. This would of course be helpful to UK companies with overseas parents, as referred to by Mr Brown.

Third, share plans provide medium-term motivation, in contrast to short-term attitudes usually arising from cash incentives. Both are important.

Fourth, whether share options relate to group listed shares at market price or to subsidiary shares at a p/e formula price, the option holder receives a reward which is typically a multiple of the rate of increase in profits achieved. Capital owners are traditionally rewarded in this way for business achievement. What is sauce for the goose is sauce for the gander.

Finally, from 1991 a married couple will have £10,000 (indexed for inflation) tax-free capital gains. This is an encouragement

to belong to a share plan, make the company a success, and only sell the shares slowly to minimise the tax liability.

George Copeman
Employee Share Ownership Committee
Wider Share Ownership Council,
Juxon House,
94 St Paul's Churchyard, ECA

A voice from the market place

From Mr V. C. Brooks
Sir, I felt I had to answer Mr Fratantoni and Sir Alan Waters (April 6), neither of whom "can see any sense in why Britain should join the EMS (European Monetary System)".

My plastics manufacturing company both buys and sells within the European Community. As we are unsure of the exchange rates when some comes for settlement, we find ourselves trying to persuade our customers and suppliers to deal in sterling. Buying currency forward is an option but this only adds to costs. As a result we are often placed at a disadvantage.

If Britain joined the EMS we would at least know within limits our liabilities and it would encourage us to offer goods in local currencies. This argument may not impress the professors, but it would certainly help us in the market place.

V. C. Brooks
Additive Polymers Limited,
Unit C, Jary Lane,
Stilesden Common,
Chichester, W. Sussex.

Shower power

From Mr D. A. Douglas
Sir, I do not question Mr Neill's mathematics (Letters April 12), but I wonder if he has noticed that the larger umbrellas have the benefit of protecting the user from 80 per cent more rain - as well as providing considerable advertising space.

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LONDON MANCHESTER NEWCASTLE WOLVERHAMPTON

Japanese banks have every incentive to sustain high stock prices

From Dr S. H. Thomas
Sir, Once again we are reminded of the remarkable rise of the Nikkei Average since the October crash (March 30). The extraordinary Japanese price-earnings ratios are explained by appeal to expected corporate profit growth, the weight of domestic Japanese savings and particular rules which guide portfolio investment by Japanese institutions. There is, however, one additional feature which has been overlooked in recent discussion: Japanese banks are allowed to count unrealised gains on their equity investments as capital, and this

must provide upward pressure on Japanese equity prices. In December 1987, the Bank for International Settlements published proposals for international convergence of bank capital measurement and capital standards. In an effort to achieve an agreement, it was decided that unrealised equity gains could be included as a part of banks' capital, apparently against the wishes of the Bank of England, the Federal Reserve Board and the Bundesbank. For Japanese banks, this has the effect of raising the average equity-asset ratios from around 2.5 per cent (with conventionally defined capital) to more

than 10 per cent. It has been estimated that in the case of Dai-ichi Kangyo Bank the ratio would rise from less than 3 per cent in mid-1987 to 13 per cent, that is a gain of \$70bn of capital. To meet conventional European adequacy standard, that same bank would have to shed nearly \$70bn of assets.

The implications for the Japanese stock market are clear. Falling stock prices erode bank capital; if banks are fully extended in their loans then some asset retrenchment would be necessary. Large falls in share prices must be avoided since eventually even banks which were not fully

extended will find capital erosion beginning to bite, and by the familiar gearing ratio mechanism there would have to be an accompanying twenty-fold reduction in assets. Hence Japanese banks have every incentive to sustain high stock prices since the capital created facilitates expansion elsewhere on their balance sheet, rendering the high corporate price-earnings ratios of secondary importance in assessing the return on their equity investments.

S. H. Thomas,
Department of Economics,
The University,
Southampton.

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FINANCIAL TIMES

Friday April 15 1988

SYSTEMS FOR THE
FINANCIAL COMMUNITY
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01-248 8383

Nigerian economic policy at risk

BY MICHAEL HOLMAN, AFRICA EDITOR, IN LONDON

VIOLENT OPPOSITION to rises in petrol prices in Nigeria threaten to undermine the country's efforts to reschedule its estimated \$3.5bn of external debt. A 5 per cent increase in prices at the weekend sparked riots in the northern city of Jos in which six people, including two policemen, are reported to have been killed.

The modest fuel price rise was seen as an essential first step towards resolving a stalemate to reach an agreement with the International Monetary Fund (IMF) on economic policy.

The violent response, however, would appear to make it impossible for the authorities to impose the substantial increase required by the Fund.

The cost of fuel is a major obstacle to the renewal of a vital

agreement with the IMF - the last agreement lapsed at the beginning of this year.

The Fund insists that the wide gap between domestic and export fuel prices be substantially narrowed. Petrol in Nigeria costs 10 US cents a litre, compared to a dollar or more a litre in neighbouring countries.

The fact that a 3 per cent increase, far short of the 25 per cent or more which has been under consideration, should spark off riots illustrates the sensitivity of the issue.

Transport costs are an important part of household budgets, already strained by high unemployment and the impact of the Government's economic austerity programme.

Trade unions and students have campaigned vigorously against an increase, forcing the Government to hold back on a 25 per cent rise which President Ibrahim Babangida was expected to announce in the 1988 budget speech on New Year's Eve.

At the same time, however, a renewed economic policy agreement with the IMF is central to Nigeria's debt rescheduling efforts and to the Government's attempts to secure new cover from western export credit agencies. Creditors have made an IMF agreement a precondition to rescheduling.

Nigerian radio reported on Wednesday night that the government had imposed a dusk to dawn curfew in Jos, 450 miles north of Lagos.

Yesterday, the Guardian, a leading Lagos newspaper, which said that students were protesting against the fuel price

European N-company in talks on \$500m fuel plant in US

By David Fishlock in London

URENCO, the European nuclear company with British, West German and Dutch shareholders, may build and run a \$500m nuclear fuel plant in the US - the group's first outside Europe - in partnership with a US electricity company.

Urenco, with headquarters in Marlow, west of London, and Duke Power of Charlotte, North Carolina, are discussing joint investment in a uranium enrichment operation based on Urenco's proprietary technology, known as the gas centrifuge.

The proposed plant would use much less electricity than present US operations.

The plant, which would be the first privately owned enrichment plant in the US, aims to fulfil 10 per cent of the country's commercial uranium enrichment requirements for nuclear power stations.

The US company has launched a series of economic, technical and regulatory studies to be carried out this summer, involving Urenco and Fluor Daniels, a US consulting engineer. Duke Power hopes to reach a decision by late summer.

Mr George Inglis, Urenco's managing director, said: "The US is the largest nuclear market in the world and Urenco wants to be there."

Shareholders in Urenco are British Nuclear Fuels, Ultra-Centrifuge Nederland, and Uranium West Germany, each with a one-third stake.

Two-thirds of the electricity generated by Duke Power is nuclear, and enrichment accounts for 40 per cent of nuclear fuel costs.

A privately owned plant would compete with a US government-owned monopoly enrichment service based on an older technology called gas diffusion, serving over 100 US nuclear electricity plants and a large fleet of nuclear-powered warships.

Enrichment is the difficult process of raising the proportion of fissionable atoms - those capable of being split in uranium fuel, allowing smaller and more efficient nuclear reactors to be built. The big advantage claimed for the Urenco process is that it requires only 4 per cent of the electricity needed for gas diffusion. The gas centrifuge spins a gas of uranium at extremely high speed to separate the fissionable atoms. The process involves a gas called uranium hexafluoride, about as toxic as lead, which produces no radioactive wastes.

In the diffusion process - a form of filtration - electricity accounts for 70 per cent or more of enrichment costs.

Under US law, a foreign company could not run an enrichment plant in the US, provided US companies had the majority shareholding.

The US Nuclear Regulatory Commission - the Government's nuclear inspectorate - is expected to publish guidelines for private enrichment plant design.

Urenco has about 10 per cent of the enrichment capacity available in the West.

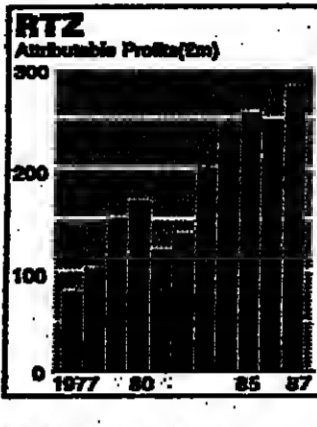
THE LEX COLUMN

Same old deficit same old panic

Yet again, the message from the US trade figures is that the markets on both sides of the Atlantic are deeply unsure of where they stand. The February deficit was worse than forecast, but still within the usual margin of error, especially after a run of figures which if anything looked better than the underlying trend. Since the excess was all on the import side, showing continued strength in consumer demand, it was a touch perverse for Wall Street to react so badly, except, of course, on the familiar ground that either the Fed may react by tightening up on interest rates, or the bond market may do the job for it.

As for London, the giddy heights above 3000 on the FT-100 have yet again proved untenable. The morning's strength was largely based on bad activity, not only from Ward White and BBA from whom we have joined the stalling match for Rowntree. The 40-point turn-around on the trade figures was a natural reaction to the collapse of the dollar, recent preoccupations apart. It is still the dollar rather than the D-mark which really counts for Britain's overseas earnings.

As a rule of thumb, it is a bad sign these days when ICI and Glaxo drop below 200, as they did yesterday. Along with Wall Street, London had recovered well in the past week from a bad spell in which a 1980-style second collapse was judged to be around the corner. It is now more likely that the technical analysts will be drawing beach lines across their charts again, and at times like these even chartists get a hearing, at least while they catch the mood.



even if the new owner squeezes little extra out of a business that was well managed already. Although BBA's gearing will rise to 100 per cent, the strong cash flow from both companies and proceeds from selling off some of the less well fitting parts of Guthrie should bring it down to earth in a year or so.

While the market evidently thought BBA had got a bargain - the shares rose 7p to 185p - the fall in Ward White shares does not prove that 20 times earnings is too high for Stanley. Simply by changing the product range and by adding Ward White's own purchasing muscle, margins should be improved enough to make the deal neutral on earnings this year - a fact that may not go unnoticed by potential counterbidders. Instead, the market was cross at having been taken in by Ward White's hints on Tuesday that future deals would be small, and paid for in cash.

Suddenly, writes Lionel Barber, the US Secretary of State is enjoying a new ascendancy

George Shultz's Indian summer

THESE DAYS, Mr George Shultz has a bounce in his gait and a twinkle in his eye. Rarely during almost six years as US Secretary of State has he so publicly enjoyed his job, but this year he has enjoyed such ascendancy in the Reagan Administration.

This is Mr Shultz's Indian summer. Most of his conservative tormentors inside the White House and Pentagon have departed, leaving him in command of a foreign policy agenda which is crowded even by Washington standards.

Yesterday he was in Geneva, signing an accord on the Soviet withdrawal from Afghanistan. Next week, he leaves for another round of talks with his opposite number Mr Eduard Shevardnadze to prepare for the Moscow summit between President Ronald Reagan and the Soviet leader Mr Gorbachev in May. Last week, he was shutting around Middle East capitals promoting his own regional peace plan.

A very different picture of Mr Shultz's power and influence emerged last summer during the Congressional hearings into the Iran-Contra scandal. Here was an experienced public servant (he was Labour Secretary and US Treasury Secretary in the Nixon administration) constantly undercut by his colleagues, ignored on the key policy initiative of selling arms to Iran in return for hostages, and once labelled by a suspicious conservative opponent as a "canvasser".

In Washington's power-games, Mr Shultz shrank up a losing underdog by his colleagues, even the current Baltimore Orioles baseball team blurb.

Mr Shultz's public confessions of impotence during the hearings were probably no more than a manoeuvre to extend his power within the bureaucracy. Indeed, over the past 15 months, the death of Mr William Casey, the CIA director, the resignation of Mr Caspar Weinberger, US Defence Secretary, and the forced departure of Mr John Poindexter, President Reagan's national security adviser, have helped him consolidate that power.

Regular weekly meetings, whenever possible, now take place between Mr Shultz, Mr Howard Baker, White House chief of staff, Mr Frank Carlucci,



In command of a crowded foreign policy, Secretary of State Shultz signs the Afghan peace accord in Geneva yesterday

Unlike some of his more headline-conscious colleagues, Mr Shultz has actively tried to avoid elevating arms control issues to the exclusion of human rights and regional conflicts, which he considers to be fundamental to and co-equal in the superpower relationship.

And yet he is capable of playing the East-West dialogue in a different way. After Mr Shevardnadze's last visit to Washington, Mr Shultz, briefing reporters, singled out for criticism Soviet opposition to the US plan for an international peace conference with limited powers as a prelude to direct talks between Israel and the Arabs.

At first sight, the US Secretary of State seemed to be appealing to Moscow to support a peace initiative to which he has given a strong personal commitment. But officials say he is so disappointed with the lack of new Soviet arms proposals that he intended a blunt signal to the Soviets: no progress on arms, no seat at the Middle East peace table.

The success or failure to produce another major arms deal will probably prove the decisive measure of the Shultz era, far overshadowing in the next term, the likely failure of his Middle East initiative and the unrest brewing in Central America where disillusionment over vacillating US policy appears to be growing.

Mr Shultz's years have been marked by no great intellectual strategy in foreign policy (strange given his chief intellectual overseer, the late Henry Kissinger). But then the sheer range of US interests in the world make it easy for a Secretary of State to be caught up in day-to-day crisis management.

Mr Shultz allowed himself one pleasure, it is travel. His itinerary in the Soviet Union is a useful barometer for East-West relations. He has persuaded the Soviets to let him visit Kiev and Tallin, the old spa town and capital of Georgia where the Stalins once still dominated the skyline but where Mr Shevardnadze, the former Georgian Communist Party boss and police chief, ought to be the perfect host.

US Defence Secretary, and General Colin Powell, the newish black national security adviser who is tipped as a future chairman of the Joint Chiefs of Staff.

This quadrilateral is characterised by a pragmatic, non-ideological approach to foreign policy which is light years from the rhetoric and dogma of the first Reagan Administration.

This suits Mr Shultz, who largely resists attempts to infuse policy-making with ideology. The one exception is Central America where he is a hawk. He backs military aid to the Contra rebels in Nicaragua and reportedly favours some form of military intervention to oust the Panamanian strongman General Noriega (much to the annoyance of the far more cautious Pentagon).

Some speculate that Mr Shultz's consistent hard line against the Marxist-oriented government in Nicaragua is a carry-over from his days as a gun-ho marine from his native New York; others believe that it serves as a lightning rod to distract conservatives from his real aim, which is an improvement in relations with the Soviet Union.

One of the most memorable moments of the Reagan presidency came in October 1985 in Reykjavik when Mr Shultz informed the awaiting world press that a sweeping strategic

nuclear arms control deal between Mr Reagan and Mr Gorbachev had foundered on the issue of the US Star Wars missile defence system. Even the normally inscrutable Mr Shultz could not hide his disappointment as he stared, exhausted and punctured, into the television cameras.

Mr Shultz naturally denies that he or anyone else in the Administration is pursuing arms control talks with the Soviets no matter what the cost. Yet the pace of the superpower talks on reducing nuclear weapons arsenals has accelerated dramatically since Reykjavik.

In Washington last December, both sides agreed to eliminate their medium and shorter range nuclear missiles, the first superpower agreement of the post-war era to dismantle a whole class of nuclear weapons and one which will shortly be ratified by the US Senate.

In Moscow in May, Mr Reagan and Mr Gorbachev hope to reach at least an outline deal on cutting their strategic ballistic missile arsenals by up to 50 per cent. The chances are currently raised as quite good of producing a deal similar to the one signed in Vladivostok between President Ford and Mr Brezhnev in November 1974.

Hijack fears continue to grow.

Continued from Page 1
building but their task seemed increasingly fruitless.

Algeria's President Chadli Bendjedid apparently failed to make progress when he personally intervened in the morning. He received a message from the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah, which is thought to have reiterated Kuwait's refusal to cave in to what it calls "blackmail".

The only "positive step" the Algerians could report during the afternoon was the admission to the aircraft of a group of cleaners and a doctor.

The stalemate in negotiations is embarrassing for the Algerian Government, which apparently allowed the aircraft to land only on the basis of what it thought were watertight assurances that the hostages would be released on arrival.

Pearson modifies Les Echos bid

BY RAYMOND SNOODY IN LONDON

PEARSON, THE UK publishing, banking and industrial group which publishes the Financial Times, has modified the terms of its \$28m (\$12m) acquisition of Les Echos, the French financial daily newspaper, in the hope of winning early approval from the French Government for the deal.

Under a new agreement signed this week by Lord Blakenham, chairman of Pearson, and Mrs Jacqueline Beytout, president of Les Echos, Pearson will now acquire two-thirds of the equity. The remaining one-third will be acquired one year later provided Pearson is still a European Community company.

Mr Edouard Balladur, the French Finance Minister, delayed approval of the original 100 per cent acquisition and questioned whether the Community status of Pearson had been "durably estab-

lished." This was taken as a reference to the fact that Mr Rupert Murdoch, the American-Australian publisher, had bought 20.5 per cent of the group.

Lord Blakenham said yesterday that he believed the new agreement, which has already been submitted to the French Ministry, was "a sensible move that should work to the advantage of both parties."

Pearson executives are now expressing optimism that agreement can be reached quickly. It is likely that the French Government was sounded out in advance, although it was being stressed that no guarantees have been given.

The proposed new deal, which is in a mixture of cash and shares in the same proportion as the original deal, contains further measures to maintain a degree of French ownership.

Mrs Beytout has given an undertaking that if she decides to sell the 7.2m Pearson shares she will receive in part payment for Les Echos, first refusal will go to Lazard Frères, the Paris-based merchant bank and a Pearson-associated company.

In addition, Financière et Industrielle des Deux, a French industrial investment company effectively controlled by Lazard Frères, which has a 9.4 per cent stake in Pearson, has undertaken to be a long-term shareholder in the UK publisher.

Last month, the European Commission asked the French Government to explain its decision to delay the purchase of Les Echos, but both Pearson and Les Echos management have agreed to the new contract in the hope of avoiding any possibility of protracted litigation.

Central banks in concerted action

Continued from Page 1
monthly trade figures concealed the real extent of the adjustment process now under way.

Mr Kichii Miyazawa, the Japanese Finance Minister, has also indicated this week that the rapid growth in his country's economy precluded lower borrowing costs.

The Finance Minister's embarrassment was compounded yesterday by the publication of the IMF's World Economic Outlook which said that on current trends and policies, trade imbalances between the three largest economies would remain at unsustainable levels into the 1990s.

Mr Lawson's speech to the IMF's policy-making Interim Committee reflected his recent compromise with Mrs Margaret Thatcher, the UK Prime Minister, over the Government's exchange rate policy for the pound.

World Weather

Area	Temp	Wind	Cloud	Pressure	Area	Temp	Wind	Cloud	Pressure
Algeria	21	10	10	1012	London	11	10	1012	1012
Athens	21	10	10	1012	Madrid	11	10	1012	1012
Bombay	28	10	10	1012	Paris	11	10	1012	1012
Buenos Aires	21	10	10	1012	Rome	11	10	1012	1012
Calcutta	28	10	10	1012	Stockholm	11	10	1012	1012
Cairo	21	10	10	1012	Tokyo	11	10	1012	1012
Delhi	28	10	10	1012	Washington	11	10	1012	1012
Hong Kong	28	10	10	1012	Zurich	11	10	1012	1012
Jakarta	28	10	10	1012					
London	11	10	10	1012					
Los Angeles	11	10	10	1012					
Manila	28	10	10	1012					
Mumbai	28	10	10	1012					
New York	11	10	10	1012					
Osaka	11	10	10	1012					
Paris	11	10	10	1012					
Rome	11	10	10	1012					
Stockholm	11	10	10	1012					
Tokyo	11	10	10	1012					
Washington	11	10	10	1012					
Zurich	11	10	10	1012					

SGB wins first round over De Benedetti

Continued from Page 1
Viscount Etienne Davignon, the Générale director spearheading the defence.

Despite the breakdown of the talks, Viscount Davignon beamed serenely down on the Italian from his podium seat, content in the knowledge that he could count on majority support.

Meanwhile, the Italian was blamed for making unreasonable demands in the negotiations.

Contributing to the tension were frequent long delays while La Générale's computers checked first through shareholder registrations and then votes.

"If your computers are not giving satisfaction, why not buy Olivetti?" asked Mr André Leyen, the Flemish businessman supporting Mr De Benedetti.

A hollow chuckle from Mr Laury, Tim Dickson and David Buchan in Brussels wrote: The Franco-Belgian group of shareholders made a clean sweep of elections for new directors of Société Générale de Belgique, getting all 12 of their nominees on to the board.

Lex, Page 24

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Friday April 15 1988

JNC
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Chemical New York stages 46% surge in net profits to \$125m

BY ANATOLE KALETSKY IN NEW YORK

SEVERAL MAJOR US banks yesterday reported big improvements in first-quarter earnings. The gains were based mostly on higher trading incomes, tighter controls on corporate overhangs and, for some banks, lower taxes.

Chemical Bank, the nation's fourth-largest bank group, reported a 46 per cent advance in after-tax profits to \$125m or \$1.56 a share, compared with \$86m or \$1.03 a year ago. The increase came despite continuing problems at Texas Commerce Bank, the troubled Houston-based institution which Chemical acquired a year ago.

Texas Commerce, whose results were consolidated into the latest quarterly figures, reported a \$11.6m loss. The Texas bank's results were not included in Chemical's 1987 reports, making year-to-year comparisons difficult. Unlike most other banks, Chemical reported a somewhat higher tax charge and lower foreign exchange profits than in the previous year.

As a result of the Texas Commerce acquisition, Chemical's common equity fell to 3.8 per cent of total assets, compared with 5.3 per cent in the first quarter of 1987.

At Manufacturers Hanover, the sixth-ranking US bank, profits jumped 73 per cent to \$140.3m or \$2.56 a share, from \$81m or \$1.48. Just under half the gain was due to the recognition of \$28m tax benefits connected with the additional reserves of \$1.7m

which the bank set up in 1987 for its Third World loans. Foreign exchange revenues tripled, contributing \$27m more than in the 1987 quarter to the bank's pre-tax revenues. Other trading activities also showed sharply improved results.

At the same time, Manufacturers reduced underlying expenses by about 3 per cent, shedding 2,350 jobs or 6 per cent of its staff. Common shareholders' equity, which Manufacturers has pledged to raise to 4 per cent of total assets by the end of this year, stood at 2.98 per cent at the end of March.

Security Pacific, the seventh-largest US bank, reported 26 per cent higher earnings of \$147m or \$1.90 a share, compared with \$116m or \$1.06. The main factors in the improvement were lower credit losses, which decreased from \$102m to \$71m, and slower expense growth. Security Pacific's tax charge was up 12 per cent to \$20m. The ratio of common equity to assets was roughly unchanged, at 4.34 per cent.

Bank of New York, the fast-growing regional bank which is attempting to take over Irving Bank, one of its main Wall Street rivals, reported a 15 per cent increase in earnings to \$54m or \$1.47 a share, despite a near-doubling of its tax charge to \$28m. Most of the growth was due to higher net interest income. BNY's common equity ratio rose to 5.07 per cent, from 4.88 per cent.

UK MOTOR COMPONENTS COMPANY WINS CONTROL OF MALAYSIAN GROUP

Guthrie board accepts £221m bid

BY CLAY HARRIS IN LONDON

THE SUSPENSE over the future of Guthrie Corporation, the UK-based former plantation group, was brought to a swift conclusion yesterday when BBA, the diversified automotive components company, agreed to buy it for £221m (\$404m).

BBA secured control of the industrial group when Permatolan Nasional Berhad, the Malaysian government investment agency which has controlled Guthrie since 1981, accepted £194.7m in cash for

its 60.83 per cent stake. The deal was clinched only eight days after PNB announced its plan to sell the stake. Faced with the fait accompli of the Malaysians' irrevocable acceptance, Guthrie's independent directors gave a grudging recommendation to the bid.

BBA makes a wide range of industrial products, including clutches and brakes, ballings and webbing and aerospace components. Guthrie owns Duralay, Europe's largest manufacturer of carpet underlay, the US aviation services group Pave Avjet and also makes motor components and fire-fighting and electrical equipment.

BBA and Guthrie reported 1987 pre-tax profits of \$41.5m and \$23.6m respectively. PNB has achieved a handsome commercial profit to add to its previous political success of securing Malaysian ownership of Guthrie's former palm oil and rubber plantations. The disposal raises PNB's

total profit to more than £100m excluding the value of the plantations it holds after having them off from the group in 1982.

On BBA's share offer of 27 convertible preference shares for every 10 Guthrie shares, the target company is worth £240m, or about 292p per share. Because PNB accepted the 270p cash alternative and because the shares are underwritten, BBA stands to pay only £221m.

Analysis, Page 30

United Tech rises 24% in first-quarter on slow sales growth

BY JAMES BUCHAN IN NEW YORK

UNITED TECHNOLOGIES, the diversified industrial conglomerate which is reshaping its portfolio, yesterday reported a 24 per cent increase in first-quarter net income despite sluggish 5 per cent sales growth.

The group, which has vigorously unloaded poorly performing businesses since Mr Robert Daniell succeeded Mr Harry Gray as chairman last year, also revealed that the sale of Norden Systems, its radar subsidiary, which has been plagued with problems has been considered.

Earnings in the first quarter to March were \$122.2m or 94 cents a share on sales revenues of \$4.1bn. The group, which has made big changes to its earnings since launching its restructuring programme, has booked a further gain of \$158m from the sale of the Essex wire and cable business and other assets.

The charges are designed largely to reflect losses on big radar contracts at Norden and write-off capital equipment. United Tech said that the charges were designed to position Norden for possible sale. The company had hired Goldman Sachs, the Wall Street investment firm, to sift through offers for the company, which had 1987 sales of \$367m.

Mr Daniell said: "Our first-quarter earnings performance was on plan and we continue to expect to achieve record earnings in 1988. I am particularly pleased with the first-quarter performance of Otis and UT Automotive."

In addition to Norden, Otis elevators and its automotive business, United Tech is known for Sikorsky helicopters, Carrier air conditioning, Pratt & Whitney aircraft engines and Hamilton Standard controls.

CBS drops to \$696m in quarter

By Janet Bush in New York

CBS, the New York-based broadcasting company, yesterday announced lower first-quarter sales and profits, largely reflecting poor results from its television network.

Net sales fell 5 per cent to \$96.3m compared with \$102.7m a year before, while operating profits fell 28 per cent - \$21.5m to \$15.6m.

Other key items on the quarterly balance sheet are heavily affected by special items, primarily the sale of the record business to Sony of Japan last year for about \$28m.

Income from continuing operations was \$44.7m (\$7.5m). However, this was largely due to a substantial rise in interest income because of cash generated from asset sales.

The rise in net income is due almost entirely to the receipt of \$96.6m from the sale of the record business.

Net income rose to \$811.5m (\$98.7m).

The company blamed the fall in profits on the absence of big sporting events.

Lockheed earnings increase 28% in spite of flat revenues

BY OUR NEW YORK STAFF

LOCKHEED, the US defence contractor faced with falling orders for its big C-6 transport aircraft, reported essentially flat revenues but enjoyed a 28 per cent surge in first-quarter earnings because of lower tax expenses.

A sharp drop in its effective tax rate, from 40 to 24 per cent, helped earnings rise from \$98m or \$1.35 a share for continuing operations to \$114m or \$1.54.

The tax rate was reduced because deferred taxes, charged at higher rates before the recent tax reform, were reversed.

But revenues - the company depends for 87 per cent of its business on the Pentagon, rose from \$2.5bn to only \$2.6m.

The backlog of orders funded by the US or foreign governments slipped from \$8.4bn at end-1987 to \$8.2bn at end-March.

Motorola advances to \$114m

By Louise Kehoe in San Francisco

MOTOROLA, the US-based electronics manufacturer, reported strong first-quarter growth, boosted by record sales of semiconductor chips.

First-quarter sales were \$1.95bn, up 28 per cent from \$1.53bn in the same period last year.

Earnings increased to \$114m or 86 cents a share, from \$88m or 64 cents.

Quarterly sales of semiconductor products were a record. Sales rose 31 per cent, orders climbed 26 per cent and operating profits increased sharply.

Next week, the group plans to introduce a very high performance Rise (reduced instruction set) microprocessor.

The launch will mark Motorola's entry into one of the fastest-growing sectors of the semiconductor market, in which several US companies are vying to establish a new generation of microprocessors as the "brains" of high-performance computer workstations.

Upjohn profits climb 18% on rise in foreign sales

BY OUR NEW YORK STAFF

UPJOHN, the US pharmaceuticals and veterinary drugs group, yesterday reported an 18 per cent increase in net income for the first quarter.

Earnings were \$85m or 51 cents a share, owing to good sales of its central nervous system drugs.

The group, based in Kalamazoo, Michigan, said revenues rose 11 per cent to \$697m.

Foreign sales were up 18 per cent to \$264m, or 40 per cent of total sales.

The company said that its new cure for baldness is "contributing well to foreign sales."

The sales increase occurred despite price inflation of only 1 per cent.

Volume rose 8 per cent, with the remaining 4 per cent coming from the weakness of the dollar.

The company said that sales of human health-care products and services rose 11 per cent.

There were record shipments of Xanax and Halcion, the two central nervous system agents.

There was good growth also for Micronase, an oral treatment for diabetes.

Sales of veterinary drugs rose 12 per cent.

Mr Theodore Cooper, Upjohn's chairman, said that Rogaine, the world's first prescription drug for treating male pattern baldness, has been cleared for marketing in 36 countries.

It had received UK approval in the last quarter.

The drug has caused great excitement on Wall Street.

Gillette up 37% to \$75m

BY OUR FINANCIAL STAFF

GILLETTE, the US razor and toiletries group, lifted first-quarter net income by 37 per cent to \$75.3m, from \$55m a year earlier. Per share earnings were 65 cents, against 48 cents.

Revenues rose by 18 per cent, to \$908m from \$762m.

Mr Colman Mockler, chairman and chief executive, reiterated a forecast of a 25 per cent rise in full-year net earnings to about \$2.50 a share, compared with \$2 in 1987 and \$1.42 in 1986.

DEC falls 11% to \$406m

BY OUR NEW YORK STAFF

DIGITAL EQUIPMENT, the leading US maker of mid-range computers, has confirmed Wall Street's anxieties about the condition of its main markets.

The Massachusetts-based company, which has grown strongly over the past four years, reported an 11 per cent drop in third-quarter pre-tax earnings to \$406.5m.

The decline occurred despite a strong 17 per cent increase in operating revenues to \$2.8bn.

But because of a lower tax

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE 14th April, 1988

JAFCO
Japan Associated Finance Co., Ltd.
(Nihon Godo Finance Kabushiki Kaisha)

3,000,000 Shares of Common Stock
(par value ¥50 per Share)

evidenced by European Depositary Receipts


Issue Price ¥4,500 per share

Nomura International Limited

Banque Indosuez	Banque Paribas Capital Markets Limited
Baring Brothers & Co., Limited	County NatWest Limited
Credit Suisse First Boston Limited	Deutsche Bank Capital Markets Limited
Robert Fleming & Co. Limited	Goldman Sachs International Corp.
Kleinwort Benson Limited	KOKUSAI Europe Limited
Merrill Lynch International & Co.	Morgan Stanley International
Pierson, Halding & Pierson N.V.	Salomon Brothers International Limited
Sanyo International Limited	SBCI Swiss Bank Corporation
Union Bank of Switzerland (Securities)	S.G. Warburg Securities

This announcement appears as a matter of record only March 15, 1988

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



DKK 500,000,000
10 % Bonds of 1988, due 1994
Bullet issue

Issue Price: 100 3/4 %

Sole Lead Manager

DEN DANSKE BANK

The Bonds are listed on the Copenhagen Stock Exchange and are registered at the Danish Securities Centre

INTERNATIONAL COMPANIES AND FINANCE

March, 1988



TÜRKİYE GARANTİ BANKASI A.Ş. U.S. \$28,000,000

Tobacco Export Finance Facility

Table listing banks providing funds for the Tobacco Export Finance Facility, including Bankers Trust Company, Banco Español de Crédito Banesto, and others.

Benedetti accepts temporary check

By Tim Dickson in Brussels

THE AMBITIONS of Mr Carlo De Benedetti to win control of Société Générale de Belgique appeared to be firmly checked yesterday when the rival Franco-Belgian camp of shareholders effectively emerged as the largest group at the company's eagerly awaited extraordinary general meeting.

But while implicitly acknowledging that he had been defeated on this occasion, the Italian businessman vowed to continue his bitter, three-month struggle for Belgium's most powerful business institution.

"Nobody thinks that the board which will be elected will be the definitive one, but the likely result of the vote today will be adequate," he told the tightly packed assembly of more than 1,100 shareholders.

By mid-evening yesterday the result of the crucial vote on new board appointments had still not been announced. But the widespread expectation was that this would roughly reflect the long-standing claims of the two sides, with Mr De Benedetti and his followers left with a little under 50 per cent of the total but still possessing a blocking minority able to frustrate expansion plans and new share issues.

The battle for La Générale, which indirectly influences about one third of the Belgian economy, has been more than just a run-of-the-mill takeover. At stake are Mr De Benedetti's pride and vision of a Europe-wide holding company, as well as the fate of a 160-year-old business widely considered to be a national institution.

Yesterday's high drama began with the news that last night negotiations late into Wednesday night and the following morning between Mr De Benedetti and representatives of the rival consortium, led by Compagnie Financière de Suez and Groupe AG, the Belgian insurance concern, had broken down amid mutual recriminations.

Viscount Etienne Davignon, the leading spokesman of La Générale's board, emerged from the meeting to tell journalists that "the insistence of Mr De Benedetti makes any deal impossible."

Although details of the negotiations were vague, Viscount Davignon indicated that Mr De Benedetti had refused to withdraw his reservations about the way in which the board has acted over the last three months, and his demand for a "special role."

One of the big surprises of the day was the decision by Solvima, a company friendly to La Générale's board and the Franco-Belgian camp, to "deposit" for voting purposes 2m of the 12m recently created shares which it controls and which have been and still are the subject of furious legal argument.

This appears likely to strengthen the position of the anti-De Benedetti camp and complicate the Italian's fight to woo more potential supporters to his side.

The other 10m of these shares are the subject of a separate legal dispute with Mr André Leyens, the Flemish businessman.

Credit Lyonnais profit climbs 22%

BY GEORGE GRAHAM IN PARIS

CREDIT LYONNAIS, the third largest French banking group, has reported a 22 per cent increase in group net profits in 1987 to FF2,222m (\$387m), excluding minorities, following a 51 per cent increase a year earlier.

Mr Jean-Marie Levéque, chairman, said the increase resulted from a large commercial effort which had seen clients' deposits increase by 9.6 per cent, more than double the rate of its two main rivals, Banque Nationale de Paris and Société Générale.

The group's lending margins

narrowed, however, while its operating expenses rose by 6 per cent, resulting in a 2.4 per cent fall in gross operating profits to FF6,782m. Like other large French banks, Credit Lyonnais reduced its provisioning effort last year, setting aside FF5,322m compared with FF6,212m in 1986. Total capital funds and provisions rose to FF5,624m, or 13.5 per cent of gross lending.

Credit Lyonnais' stock of provisions on country risks rose by FF1,524m to FF1,924m and covered 43 per cent of its total com-

mitments in about 60 heavily indebted countries. A year earlier its provisions covered 53 per cent of commitments in 45 countries judged at risk. The decline of the dollar, in which many of these overseas loans are denominated, has increased the ratio of cover. Net commission income rose by 18.3 per cent last year to FF1,152m, amounting to 23 per cent of total net banking income. The main contributions came from the group's electronic banking operations - its Télémé-

home banking service has 90,000 subscribers and hopes for 200,000 by the end of 1988 - in addition to customers' securities operations and the income from privatisations. Mr Levéque said although the bank would initially be able to meet the 6 per cent capital to assets ratio proposed by the Cocks Committee of the Bank for International Settlements as a new capital adequacy standard, it would thereafter be unable to expand unless it could raise new equity.

Acquisitions boost Adia

BY JOHN WICKS IN ZURICH

CONSOLIDATED NET profits of Adia, the Swiss-based temporary employment group, rose by 31 per cent last year from SF257.2m to SF274.8m (\$83.4m). This followed a 27 per cent increase in group revenues from SF1,624m to SF2,042m.

Had the Swiss franc remained at 1986 levels, revenue growth would have been 37 per cent, according to Adia International in Leansane. The company said that half the volume increase was accounted for by acquisitions in 1987.

The group which, as one of the world's biggest in its sector owns

such large national operations as Britain's Allied Works, recorded an "encouraging development in all its activities" and an increase in market share.

Growth was particularly strong in North America and Japan. "There was a sustained increase" in Europe and the southern hemisphere. In all, 23.5 per cent of total revenues came from activities in the US, 22.1 per cent from France, 11 per cent from the UK and the remainder from operations in 15 other countries. Temporary employment services made up 86.5 per cent of revenue.

OEMV to raise payout

BY JUDY DEMPSEY IN VIENNA

OEMV, THE oil and petrochemical group which last year was the first Austrian state-owned company to be partly sold to the public, is proposing a dividend of 16 per cent per Sch1,000 nominal share.

Preliminary results for 1987 show that sales fell by 9.8 per cent to Sch2,924m (\$852m) from Sch3,251m in 1986, due largely to the drop in oil prices and its warm weather. No profit figures were published.

Last November, 15 per cent of OEMV was sold as part of the Government's long-term privatisation programme. The shares

have held up, with help from Austrian banks.

Dr Maria Schrammer, a member of the OEMV board, said yesterday that while the company would like to sell a second tranche there was no immediate plans to do so.

OEMV paid a 15 per cent dividend to Oig, its parent, in 1986. The increase in the payout means that OEMV wants to project its own corporate identity. Two other state-owned concerns, Austrian Airlines and the electricity industry, will join OEMV on the Vienna bourse later this year.

Banesto chief keeps flying in fashion's face

BY PETER BRUCE IN MADRID

YOUNG, HANDSOME Mr Mario Conde has been chairman of Banco Español de Crédito (Banesto) for just over 100 days, and by way of celebration has just become a shareholder in Fincas Eléctricas de Cataluña (Fecsa), the big, once-troubled Catalan electrical utility.

In an operation conducted with almost familiar speed, Banesto has acquired about 2 per cent of Fecsa - in shares bought from the utility's board - for about FF33.5m (\$6.2m) and will take three seats on the board. The amounts may be small but they represent the latest example of a fervent effort by Mr Conde to stamp his authority on a bank once ruled by a secretive clique of families who, by the time the chairmanship was offered to him late last year, had spent decades weaving an increasingly complicated web of shareholdings between themselves, the bank and its big industrial empire.

In a recent interview, Mr Conde, 38, began to sketch out on a paper pad some of the myriad cross-holdings he has now been allowed to gaze on. After a few minutes he gave up, exclaiming with a wave of the arm: "I can't work with this, I need clarity."

One of the six old Banesto families has already been shown the door in spite of threats to start a new bank.

Yet Mr Conde, flying in the face of fashion, has set out to consolidate, protect and strengthen Banesto's industrial arm - nearly 200 companies in which the bank has a stake of 20 per cent or more - rather than get rid of it.

He is, in any event, more an industrialist than a banker and became chairman by way of selling, with a colleague, Antillades, their pharmaceutical company, to Montedison of Italy last year for about FF1,000m and using some of the proceeds to become Banesto's biggest shareholder.

Reports that Mr Conde is now trying to buy back Antillades will surprise no one. Although Banesto's holding operation might have appeared to need more immediate attention than its well-managed and profitable industrial arm, Mr Conde has largely ignored it.

This stems partly from the belief that Spanish banks have stayed smallish and stayed at home because Spanish industrial companies have seldom felt strong enough to attack foreign markets.

Consequently, their banks - unlike the British, American, French and Japanese - have stayed at home too. Industry, Mr Conde believes, is the key to banking growth.

A first move involved regaining control of the five main profitable companies, the so-called "Big Five", through which Banesto owns most of its big industrial stakes. These include Petromex, the oil refiner; Agrumex, the construction group; La Unión y El Fenix, the country's biggest insurer; Editorial Arges Vergara, a publishing group; Acaxerox, a leading special steels producer; and Iberiza de Industrias Plásticas.

Banesto's stake in these holdings had dropped to 15 per cent over the years. By the beginning of last week, however, a Fecsa offer plus Banesto shares had won back control of all of them. It was a clever move. With just 51 per cent of each, Banesto secures its prime industrial companies against raiders without having, in turn, to buy back shares in each one.

Because the fees together hold about a per cent of the bank itself, it has won control of an important shareholder. In addition, noted one Madrid analyst, "it was a good way of offloading

Banesto stock into friendly hands."

In the interests of even more clarity for Mr Conde, the fees will probably be merged soon. Assuming that the country's electricity utilities are still going to be near-monopoly suppliers of power after 1992, Mr Conde has made it clear he wants holdings in all the large ones.

Banesto already has a 4.5 per cent stake in Unión Eléctrica-Financera and the Fecsa holding became possible when the company returned to the stock markets on April 5 after a three-month suspension, during which it renegotiated its FF1,617m debt.

The Fecsa purchase has a side-effect in that it has, momentarily at least, brought Banesto together with Banco Central, the country's biggest bank, which has an important stake in Fecsa and whose chairman, Mr Alfonso Recasens, is understood to have advised Mr Conde over the past two weeks.

Both Banesto and Banco Central remain strong "waiver" candidates among Spain's big seven banks. With its industrial group now more firmly in hand, Mr Conde may soon begin to pay more attention to Banesto's banking side.

Rieter Holding lifts dividend after increase

RIETER HOLDING, the Swiss engineering group, is raising its dividend for 1987 by 40 per cent, following an increase in parent company net profits to SF13.4m (\$8.5m) from SF9.9m, writes John Wicks in Zurich.

Group earnings jumped by 39 per cent, from SF730.4m to SF1,012.8m. Group sales rose 38 per cent from SF1.1m to SF1,500m largely due to the acquisition of Schindler & Sailer, the German spinning machine manufacturer. Maag Zahnräder, the Swiss engineering group, has announced plans to cut by 1991 about 500 jobs at its main plant in Zurich, out of a total complement of 2,211.

This follows the loss of about 250 jobs in 1984.

Financial advertisements for The Kingdom of Belgium Floating Rate Notes due 1994 and County NatWest Agent Bank.

Financial advertisements for Eastman Kodak Company 9% Notes due March 15, 2003 and Province de Québec Floating Rate Notes Due 2001.

Financial advertisements for Citicorp Overseas Finance Corporation N.V. and The Bank of New York Overseas Finance N.V.

Table titled 'REPUBLIC OF ICELAND £2,000,000 8 1/2 PER CENT STERLING LOAN 1983/92' with columns for various financial metrics and dates.

Large advertisement for Eastman Kodak Company 9% Notes due March 15, 2003, listing Goldman Sachs & Co., The First Boston Corporation, Shearson Lehman Hutton Inc., Merrill Lynch Capital Markets, Morgan Stanley & Co., and Salomon Brothers Inc.

INTERNATIONAL COMPANIES AND FINANCE

Deborah Hargreaves on a US group's fight to emerge from Chapter 11
Manville puts its faith in trust

IN WHEAT looks like being an uphill struggle, Manville Corporation, the Denver-based glass fibre and forest products concern, is working to rebuild its place in the investment community...

With evident frustration at the series of delays, the bluff Mr Stephens is eager to implement Manville's precedent-setting reorganisation plan after months of waiting...

1987 earnings again this year, despite a continued soft outlook for the construction business. This year, it will be difficult to meet last year's earnings in construction, but as an entity, we hope to do the same as last year.

At the same time, the company is considering adding a new paper mill to its Brazilian operations, as well as pursuing forward integration on the home front.

Li trial adjourned for four months

BY DAVID DODWELL IN HONG KONG

MR RONALD LI, former chairman of the Hong Kong Stock Exchange who was arrested in January this year and charged with corruption linked with stock exchange transactions, appeared briefly in court yesterday only to have his trial adjourned for four months while investigators from the territory's Independent Commission against Corruption (ICAC) examine whether fresh charges will be brought against him.

closure of the stock exchange in October last year in the wake of the worldwide stock market crisis on October 19. Since the collapse, major reforms have been initiated in both the futures and stock exchanges, where Mr Li and a tightly-knit group of local stock and futures brokers had previously had total control.

Rhoto Pharmaceutical buys Mentholatum

RHOTO PHARMACEUTICAL of Japan announced yesterday that it had reached a basic agreement to acquire Mentholatum, a US drug company.

With the acquisition, officials said, Rhoto Pharmaceutical could make the Mentholatum licences its own and make deeper inroads into the US market.

It will conduct the project jointly with Kumagai Gumi and TSA International, the Hawaiian developer. The Grand Hyatt Whaler Hotel, which is scheduled to be completed at the beginning of 1990, will be on the coast of the Southern part of the island.

Last year, Kawasaki Steel accepted orders to develop land for second homes in Queensland, and in the next two to three years it hopes to secure business in 100m and 200m in orders from overseas development projects.

Norwich Winterthur tops bid for control of CIC

BY BRUCE JACQUES IN SYDNEY

A MULTINATIONAL battle has been joined for control of CIC Holdings, the Sydney-based general insurance group. The Swiss/UK owned Norwich Winterthur (Australia) has launched a \$43.70 a share bid for the group, valuing it at about \$154m (US\$115m).

above the NZI bid price at around \$33.35 each and the new bid comfortably tops this level. NZI has built its CIC stake to nearly 15 per cent but the company's major shareholders are inter-Pacific Equity, the Sydney-based group of investors, with just over 30 per cent, and National Insurance of New Zealand, with about 20 per cent.

precision mécanique
labinal
The Board of Directors of Precision Mécanique Labinal met on March 31, 1988 under the chairmanship of Anouary Haino du Freilly.

PROPERTY TO RENT
Furnished lettings Company and Embassy Lets Long and Short Term
All appear in the FT every Monday and Saturday

Crédit Commercial de France
U.S. \$100,000,000
Floating Rate Notes due 1992
For the six month period 13th April, 1988 to 13th October, 1988 the Notes will carry an interest rate of 7.30% per annum, with a coupon amount of U.S. \$37.08 per U.S. \$100,000 Note payable on 13th October, 1988.

Lloyds Bank
Lloyds Eurofinance N.V.
Private placement of
U.S. \$280,000,000 Floating Rate Notes 1997
guaranteed on a subordinated basis by
Lloyds Bank Plc
United Biscuits Finance N.V.
£110,000,000
5 3/4 per cent. Guaranteed Redeemable Convertible Preference Shares 2003
guaranteed by, and convertible into Ordinary Shares of,
United Biscuits (Holdings) plc
S.G. Warburg Securities
Morgan Grenfell & Co. Limited
Bankers Trust International Limited
Banque Bruxelles Lambert S.A.
Barclays de Zoete Wedd Limited
BNP Capital Markets Limited
Country NatWest Limited
Credit Suisse First Boston Limited
Daiwa Europe Limited
Deutsche Bank Capital Markets Limited
Goldman Sachs International Corp.
Kidder, Peabody International Limited
J.P. Morgan Securities Ltd.
Morgan Stanley International
Nomura International Limited
SBCI Swiss Bank Corporation
Swiss Volksbank
Union Bank of Switzerland (Securities) Limited

UK COMPANY NEWS

Evered in line with City expectations at £25.5m

BY NIKKI TAIT

Evered Holdings, the industrial and building products company headed by the Abbott brothers, yesterday announced a jump in pre-tax profits from £10.5m to £25.5m in 1987 - broadly in line with City forecasts.

For Raine's UK-based quarry business earlier this year. In 1987, the L & N quarry operations, together with Tractor Shovels, contributed trading profits of £11m on sales of £42.7m, while discontinued activities - which included L & N's housebuilding businesses - produced £3.5m on sales of £47m.

organic growth yesterday - ahead of some expectations - prospects for expansion on the building and construction products side are seen as offering a good deal more scope. The potential niggles are the US dependence - currently supplying around 30 per cent of earnings, though matched by assets - and the rising tax charge. On the latter, perhaps 20 per cent can be expected in the current year, though the figure will probably rise thereafter. A further, bigger question is how quickly Evered can dispel its credibility problem - something the group is clearly addressing. At face value, estimates ranging from £22m to £27m for 1988 and a prospective p/e of 7.5-8.5 should make the shares unattractive. But Evered may have to demonstrate over time that its commitment to building products - and management ability in this area - is more than a bright idea before the rating really picks up.

Comment

On the London and Northern bid was accurately the most straightforward way of adding a major new leg to the business, most analysts believe the result looks broadly desirable. Although Evered announced 15 per cent

McKechnie profits up 36% at £15.95m

By Vanessa Houlker

Continued growth in its UK businesses helped McKechnie, the plastics and metals group, increase pre-tax profits by 36 per cent from £11.72m to £15.95m for the six months to 31 January 1988.

Ward White bids for Stanley

Ward White, the acquisitive retailer which owns Halfords and Payless, yesterday launched a takeover bid for A.G. Stanley Holdings, the DIY shops group which operates under the names Fairs, Decor 3 and Home Charms, writes David Waller.

The offer, which follows discussions between the two parties earlier this week, was swiftly rebuffed by Stanley which stated that it wished to remain independent.

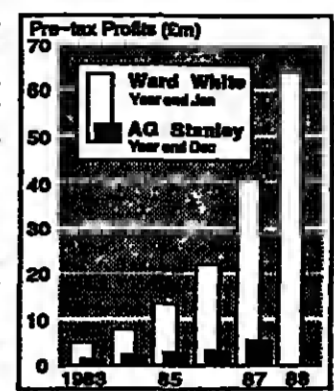
Stanley's shares closed up 60p at 260p, compared to the 251p value of the share offer and the 255p cash alternative. Ward White's shares fell 11p to 324p.

A spokesman for Williams Holdings, the industrial conglomerate which holds 25.7 per cent of Stanley as a result of its purchase of the Berger paint group last year, said it would await the offer document before determining a course of action. It has previously indicated that it is not interested in acquiring control of Stanley.

David Waller on the move to add central sites to the Payless activities Acquisitive retailer back in the high street

IT WAS ONLY on Tuesday that Mr Philip Birch, chairman of the much-changing Ward White, suggested that the group had achieved a measure of corporate tranquillity. So had was the surprise that Mr Birch was the one to make the announcement.

Zodiac in November 1985 (sold this week for £7.4m), its energies are focused on three main areas: autopart sales in the US through Halfords and in the UK through Halfords. The third area is DIY, where Ward White occupies the third place in the UK market with its chain of 85 Payless stores.



Some 75 per cent of the company's sales derive from the slow-growth area of wallpaper and paint. This is set to fall as Mr Regan sells more lights and fancy plantpots, and the group is well positioned to benefit when the out-of-town market reaches saturation point, perhaps in the early years of the next decade.

BAT proxy gets go ahead

BY NIKKI TAIT

THE NEVADA Federal court has allowed BAT Industries, the British conglomerate which is waging a £45m bid campaign for US insurance company Farmers Group to proceed with its proxy solicitation of Farmers stockholders over a resolution to be put at the company's annual meeting next month.

The meeting is to be held on May 20. Farmers, amongst a number of complainants, maintained that BAT was misrepresenting the position by implying that a vote in favour of the resolution would indicate shareholder support for the sale of Farmers to Batius.

on notice that if it failed to clarify the mis-statement he would "seriously consider enjoining the proxy solicitation."

Toye moves ahead to £420,000

Toye & Company, regalia and jewellery company and property manager, reported only a small improvement in pre-tax profits for 1987. They rose £20,000 to £420,000 after depreciation of freehold property values. Turnover rose from £7.6m to £7.9m.

Billam in second half lift

AT THE half-way stage J. Billam, precision sheet metal engineer, was showing a £46,000 loss, but a recovery during the second half has enabled it to report a £11,889 profit before tax for 1987. This compares with £312,908 profit in 1986.

Goodman back in black

Goodman Group, clothing manufacturer and retailer, reported pre-tax profits of £163,000 for the six months to the end of January 1988 compared with a loss for the previous 12 months of £43,000. Turnover rose to £9.33m (£5.3m) and all the profit was achieved in the retail division, created after the acquisition of DMG Holdings during the period.

Horace Cory ahead

Horace Cory, chemical colour maker, lifted pre-tax profits by 8 per cent in 1987 from £248,579 to £269,684 on turnover up 43 per cent to £5.7m against a previous £4.7m.

Adwest expands 28%

RESTRUCTURING costs are still affecting profitability at Adwest, Berkshire-based diversified engineer and property developer.

Fleming Japanese

Fleming Japanese Investment Trust increased its net asset value per 25p share from 202.1p to 250.4p in the six months to March 31 1988.

DIVIDENDS ANNOUNCED

Table with columns: Current payment, Date of payment, Corresponding dividend, Total for year, Total last year. Lists dividends for various companies like Adwest, Avis Europe, Ayshire Metal, etc.

BOARD MEETINGS

Table with columns: Company Name, Date of Meeting. Lists meetings for Stewart Strategic Int, Virgin Health & Beauty, etc.

Ayrshire Metal in the black

Ayrshire Metal Products (nfl) for a 2p (0.5p) total. Achieved pre-tax profits of £26,000 in 1987 compared with a loss of £297,000. Turnover rose by 29 per cent from £18.53m to £23.9m.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 13th April 1988, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

Advertisement for STEFANEL S.P.A. featuring the company logo and details of its head office at Ponte di Piave, including shareholding information and an agenda for a general meeting on April 29 and May 6, 1988.

Advertisement for Full Colour Residential Property Advertising, featuring the Credit Suisse logo and details of a 7% US\$ Debenture with Warrants 1983-1990, issued by Credit Suisse (Bahamas) Limited.

Advertisement for ISSUES OF GOVERNMENT STOCK, detailing the Bank of England's announcement of new Treasury Stock issues, including the 23 per cent Index-Linked Treasury Stock 2011 and 2020, and providing information on redemption dates and interest payments.

UK COMPANY NEWS

RTZ slips to £594m but holders get payment boost

RTZ Corporation, the natural resources and industrial group, yesterday reported modestly lower pre-tax profits of £594.3m compared with £601.7m for the second year running, but any surprise this caused in the City was offset by a 14 per cent rise in net earnings to £378.5m and a 22 per cent rise in the dividend. The shares closed 20p lower at 360p.

Sir Alastair Frame, chairman, said that concern over a world recession, following last October's stock market fall, has diminished. Demand for most metals remains buoyant, and average prices in 1988 should be somewhat higher than those in 1987.

Sir Alastair said that the main highlights of its 1987 performance were a better earnings mix, a solid contribution from its industrial interests - which account for close to two thirds of its net profits - and a strengthening in metals prices in the second half of last year. Group turnover fell by 3 per cent to £4.2bn but if the figure had been struck at 1986 exchange rates turnover would have been £500m higher.

Mr Ian Strachan, RTZ's new finance director, noted that pre-tax profits would have been £58m higher and earnings would have been £22m higher if translated at 1986 exchange rates. The decline in pre-tax profits was mainly due to a £10m reduction in the pre-tax profits from its partly owned Hammerley iron mine and its Rosaring uranium venture. The decline in profits from these highly taxed companies was mainly responsible for the £32m reduction in the tax charge to £242.8m.

Helped by another strong performance from its borax



Derek Birkin, left, chief executive and Sir Alastair Frame, chairman before meeting the press yesterday

operations, industrial businesses increased net profits by 15 per cent to £298m. The metals interests contributed £37m, compared with £28m, and only iron ore and tin failed to benefit from the improvement in prices in the second half of 1987.

Earnings per share rose by 14 per cent to 35.97p and a final dividend of 8.3p has been proposed (6.9p) making a total 11.5p.

CRA's contribution to RTZ's net profits fell from £59.5m in 1986 to £52.7m last year. A turnaround is expected at CRA.

Aside from the expected turnaround at CRA, where new management has been in place since mid-1986, Sir Alastair noted that RTZ's Brazilian activities brought its new gold mine into production in December and the high

grade Neves Corvo copper project in Portugal will be commissioned towards the end of this year. Meanwhile, construction work on the giant Escondida copper project in Northern Chile could begin later this year. Sir Alastair said that the financing was virtually in place.

Mr Philip Crowson, RTZ's metals expert who gave a presentation at yesterday's press conference, predicted that the price of aluminium in 1988 would rise by between 30 per cent and 40 per cent from last year's average of 71 cents a pound and copper prices should rise by around 25 per cent from last year's average of 80 cents a pound. He said that the outlook for metal markets "remains reasonably good".

See L23

Michael Luckwell buys 5% of TV-am

By Raymond Scoddy

Mr Michael Luckwell, former managing director of Carlton Communications yesterday bought a 5 per cent stake in TV-am, the commercial breakfast television station for £4.5m.

Mr Luckwell, the chairman of Parallel Media, the sports sponsorship organisation was a major shareholder in Carlton until February 1986 when he resigned and sold his shareholding for £25m.

The TV-am stake was bought from Beaverbrook Investments which put the shares up for auction under pressure from the Independent Broadcasting Authority.

The IBA told Beaverbrook to reduce its stake in TV-am to below 10 per cent following the disclosure that since last summer Beaverbrook's 14.8 per cent in the television company had been controlled by Small Investments.

Merchant bank Henry Ansbacher made it clear yesterday that Beaverbrook ultimately intended to sell the rest of its stake in line with IBA requirements.

Mr Luckwell said yesterday it was possible that he would be interested in the rest of the Beaverbrook stake depending on the price.

Yesterday's deal, worth £4,500,000 was for the sale of 3,364,316 ordinary shares at 14p each. The sale is subject to Beaverbrook board approval, but Telecommunications Holdings which holds 67.54 per cent of Beaverbrook will vote in favour of the sale. Mr Luckwell said he simply saw the TV-am stake as a good investment.

Thurgar Bardex

Thurgar Bardex, plastic window and mouldings group, announced virtually unchanged tangible profits for 1987.

Turnover rose 19 per cent from £20.1m to £23.9m, but pre-tax profits showed only a 5 per cent increase to £1.51m.

A final dividend of 1.8p is proposed from earnings per share of 5.63p (5.29p), making 2.25p (1.8p) for the year.

Clay Harris examines BBA's acquisition of Guthrie Corporation Planning for a speedy conclusion

IF BBA Group captured Guthrie Corporation with stunning speed yesterday, the battle had not been planned overnight.

The slight ill-timing of its last acquisition on this scale, the agreed £36m purchase of motor components group Automotive Products in January 1986, resulted in a temporary pause in BBA's market-pleasing rapid expansion. BBA could not afford to stumble again.

By the time the deal was announced, BBA was prepared to outline the management structure of the enlarged group, to demonstrate that, arguably, only one of Guthrie's five divisions did not slot neatly into existing businesses.

The odd one out, the US-based Page Avjet aviation sales and service business, will operate on its

own, but is likely to be a leading candidate for the disposals planned to reduce the cost of acquisition.

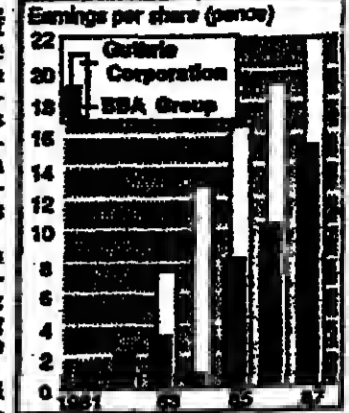
In many ways, Guthrie will complete the logic of the AP deal. Although the acquisition will reduce BBA's reliance on motor components from 84 per cent to 64 per cent, it will also strengthen this core business by adding the North American plants of Butler Metal and Butler Polymer, with products including structural plastics and steel sub-assemblies.

BBA's present components activities are centred on Borg & Beck clutches and Lockheed brakes. It is also Europe's largest maker of automotive friction materials, such as disc pads and brake and clutch linings. Guthrie's textiles and floor cov-

erings division includes Duralay, Europe's largest manufacturer of carpet underlay. Along with the Angus Fire Armour, whose main product is fire hoses, and an Australian towel manufacturer, this will become part of BBA's industrial textiles operation which makes conveyor and other beltings and webbings as well as yarns used in such products.

BBA's engineering business will take responsibility for Guthrie subsidiaries manufacturing equipment for induction heating and melting and high-voltage transmission.

The borrowing and goodwill write-offs required by the acquisition will increase BBA's gearing to more than 100 per cent from 28 per cent at the end of 1987. To return it to an "acceptable" level of 40 per cent, the company will



rely on the cash generation of the two businesses as well as selective, but yet undecided, disposals.

Tables turned on a disappointed realist

WHEN THE tables were turned, Mr Jack Green-Armytage (pictured left) was the first to appreciate - if not savour - the irony, writes Clay Harris.

"This is a case of he who lives by the sword dies by the sword," he observed ruefully yesterday after control of Guthrie Corporation, the diversified industrial group of which he has been managing director since 1982, was sold out from under him.

As a corporate finance director of N.M. Rothschild, Mr Green-Armytage organised the "leisure raid" in September 1981 which won control of Guthrie for Malaysia's Ferozuddin National Berhad. It also resulted in a tightening-up of London takeover rules which was reflected as recently as Wednesday when Jacobs

Sachard was forced to pause after buying 14.8 per cent of Rowntree.

When the Malaysians sacked Mr Ian Costes, Guthrie chief executive six months later after an abortive management buy-out, Mr Green-Armytage deserted merchant banking to preside over the six-year rehabilitation of Guthrie's highly geared industrial ramp and its return to the London stock market in 1986.

PNB's decision to sell its stake was not a surprise, nor in the end was the interest of BBA Group. Mr Green-Armytage had known Mr John White, BBA managing director, since the early 1970s when, stationed in Malaysia for Rothschild, he had acted as financial adviser to Mr White, who was then involved in the "I, too, have been looking at

BBA." Mr Green-Armytage said. But if such ambitions were kicked around, nothing ever came of them. Nor did he and fellow executives have a chance seriously to explore a management buy-out.

"I'm obviously disappointed," he said. "We have a very good record behind us. The growth we have produced is organic. There's nothing synthetic about what we've done, nothing owed to accounting techniques."

Still only 42, the experience of the past six years has left him more inclined to seek a similar industrial position than to return to the City.

If he now concludes, "We're all realists, I think," he can afford the sagacious comment: "I, too, have been looking at



when the restructuring was only just beginning, are expected to yield him a net profit approaching £2m.

Avis Europe drives up to £54m

BY CLAY HARRIS

Avis Europe, Europe's largest car rental and leasing group, said yesterday that advance bookings by US visitors were running below 1987 levels. An aggressive marketing campaign had been mounted to offset the weakness of the dollar.

The recovery in tourism last year, from the 1986 slough induced by Chernobyl and terrorism, contributed to Avis's strong advance in revenues and profits, although results were also boosted by acquisitions and healthy underlying growth.

Taking in a full year of Sheffield motor dealer C.D. Bramall, Avis reported pre-tax profits of £54.6m for the year to February 29, compared with the merger-revised 1986-87 figure of £38.3m and the previously reported £34.1m.

Unlike Bramall, results from the increased stakes bought in Avis Car Leasing and Belgian-based Locadif were included only

from the date of acquisitions.

On turnover of £486.5m (£372.4m), operating profit rose to £86.9m (€42.5m). By division, the pre-tax profit breakdown was: vehicle rental £27.4m (€27.6m), fleet leasing £12.7m (€7.2m) and vehicle distribution.

Net interest payable increased to £17.3m (£10m) and the tax charge to £22.5m (£16m).

Earnings per share advanced by 26 per cent to 22.6p (17.9p), and a proposed final dividend of 5.2p raises the total to 27p. In the flotation year of 1986-87, only a 2.8p final was paid.

comment

Avis is squeezing the expected benefits from its unparalleled expansion. Persistent whispers hint that British Airways may have long-term ambitions towards Avis, as if the Alitalia debacle in the US had not dashed grandiose dreams of all-inclusive travel companies. Any such bid would be strongly resisted - what advantage, indeed, did Hertz gain from its erstwhile collaboration with United Airlines - but the speculation is premature in any case. For the current year, £60m pre-tax would put the shares on a prospective p/e of 12.

Continuing growth at AMI

AMI Healthcare Group, the private medical group which joined the main market via a £50m offer for sale in February, yesterday reported continuing growth. AMI is the UK offshoot of US company American Medical International.

Turnover showed a 13 per cent gain from £45.94m to £51.91m producing pre-tax profits 15 per cent higher at £8.32m (£5.51m) for the six months ended February 29 1988.

The results have been presented as if the group structure on February 29 had been in place throughout both periods. AMI was incorporated on September 15 and became the holding company of the group on November 6 1987. Group results for the 24 weeks to the end of February 1988 showed turnover of £32.75m and pre-tax profit of £3.94m.

As forecast in the prospectus there is to be a single dividend in January 1989 of 3.5p per share.

Connells profits advance 39%

Strong profit growth was achieved at Connells Estate Agents, commercial and residential estate agent, with pre-tax figures in 1987 up 39 per cent from £5.25m to £7.22m. Turnover jumped 56 per cent to £25.02m. Adjusted earnings per share rose to 24.5p (18.97p). A final dividend of 5.5p is recommended for a total of 8p (6.4p).

Mr John Simson, chairman, said the new year had started with encouragingly high levels of activity in both divisions. The company has paid £225,000 in cash and shares for Cook & Company, a residential agency with four offices in Basingstoke, Newbury and the vicinity. The acquisition is Connells' first move in establishing a new base in the M3/M4 triangle.

Efficiency boost for Fitch & Company

BY ANDREW HILL

PROFITS at Fitch & Company Design Consultants increased to £2.62m before tax for the year to December 31, up 26 per cent on 1986 profits of £1.5m.

Turnover rose by 17 per cent to £14.7m (£10.5m). Gross profit margins increased from 17.5 per cent to 18.7 per cent, mainly due to improved efficiency, including the use of computer aided design.

The company continues to seek a major US acquisition in the corporate, retail or product design sectors, and also plans to push up the 6 per cent of its business currently generated in Europe.

Income from the architecture division was boosted by the acquisition of Gordon Benoy last September for a maximum of £4.5m. The division now accounts for 39 per cent (30 per cent) of group turnover, and about the same proportion of operating

profits, reducing the proportion of business from the interior and retail design sector to 40 per cent (55 per cent).

Graphic communication increased its share of business to 12 per cent (9 per cent). Product design, which Fitch hopes to expand this year, accounts for 8 per cent (7 per cent) of turnover.

Capital and reserves rose from £3.71m to about £7m during the year, helped by a £1m upward revaluation of the group's Hawkey Place offices.

Earnings per share last year were 23.1p (18.3p) and the directors recommended a final dividend of 5.5p, making 8p (7p) for the year.

comment

Fitch's plan to put all its divisions under one roof is symptomatic of the consultancy's aim of

providing a complete design package for companies with an identity crisis. Some big players - Burton, Pentos, Asda and Midland Bank among others - have benefited from Fitch's traditional strength in retail design. Now the group hopes high-profile contracts - such as preparing plans to modify the interior of the new Lloyd's building - will persuade companies to employ Fitch's other divisions, from product and package design to architecture.

Benoy was included on a merger-accounting basis in 1987; a full 12 months in this year's figures should raise profits to about £3.3m before tax. Uncertainty about the nature of future acquisitions may have been behind the 10p drop in the share price yesterday to 385p, but a fully diluted prospective multiple of about 12.5 still looks fair.

Higher turnover and profits for Beatson Clark

Beatson Clark

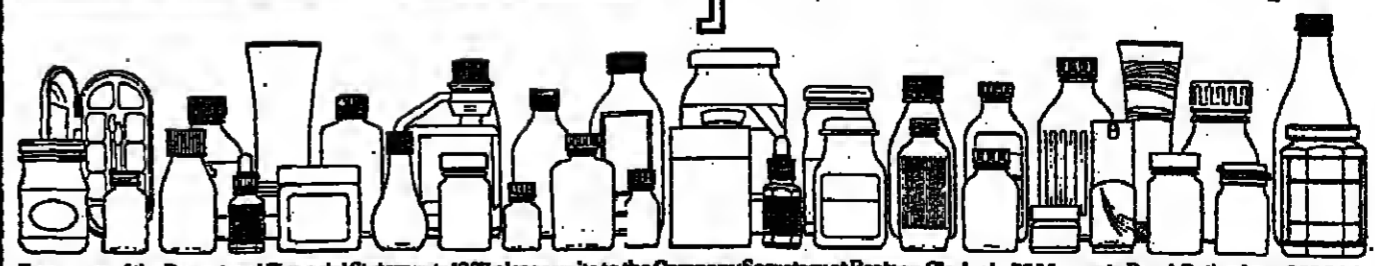
Glass and plastic containers for pharmaceuticals and personal care products.



"Our actions in coordinating our plastics division operations in the UK and in removing the loss-making business in Australia have already made a beneficial contribution to the Group. These factors, combined with the profit-improvement programme in the glass division, will have a positive impact on the Group's future development."

EXTRACTED FROM THE CHAIRMAN'S STATEMENT

BEATSON CLARK plc



For a copy of the Report and Financial Statements 1987 please write to the Company Secretary at Beatson Clark plc, 23 Moorgate Road, Rotherham S60 2AA.

Great Southern rises over £2m

A reduction in the national mortality rate has not prevented Great Southern Group, funeral services group, from turning in a sharp increase in 1987 pre-tax profits.

They are ahead from £1.68m to £2.08m, and the final dividend is 4p making a total of 6p. The company, which is quoted on the USM, is 77 per cent owned by J.D. Field & Sons.

Turnover amounted to £14.7m (£12.38m) and after tax of £17,000 (£28,000) earnings per 10p share improved to 13p (12.3p).

British Dredging lifts profits by 18% to £1.9m

British Dredging, dredger, ship repairer and builders' merchant, raised pre-tax profits by 18 per cent from £1.65m to £1.94m in 1987, after charging a loss of 20.2m at British Dredging Ship Repairs which is expected to be closed in the next few weeks.

Turnover of the Cardiff-based business in which RMC and Newarthill hold large shareholdings, jumped 71 per cent to £18m. Mr Fane Vernon, chairman, said sales volumes in the first three

months of 1988 were showing a healthy increase.

After tax up from £380,000 to £627,000, earnings per share dropped to 7.32p (7.54p). The directors however, recommend a maintained final dividend of 3p making a total of 5p (4p).

The anticipated closure costs of British Dredging Ship Repairs, which will involve substantial redundancies, are being provided for as an extraordinary item of £400,000.



Avis Europe plc

Preliminary Results for the year ended 29 February 1988

- Revenue £486,500,000 - up 31%
- Pre-tax profits £54,600,000 - up 43%
- Earnings per share 22.6p - up 26%
- Dividend of 5.2p per ordinary share
- Three acquisitions completed in the year.

"Avis Europe continues to show excellent growth prospects. We will pursue aggressively new opportunities in all business lines whilst continuing to look for further acquisitions to enhance the expansion of the group."

ALUN CATHCART, CHAIRMAN AND CHIEF EXECUTIVE

Results for the year ended 29 February 1988

	1988 £m	1987 £m
Revenue	486.5	372.4
Profit before tax	54.6	38.3
Profit after tax	31.1	22.0
Earnings per share	22.6p	17.9p

The results include a full year's contribution from C. D. Bramall E.L.C. on a merger accounting basis. The prior year has been adjusted for comparative purposes.

If you would like a copy of the Annual Report which will be available after 20 May 1988, please complete the coupon.

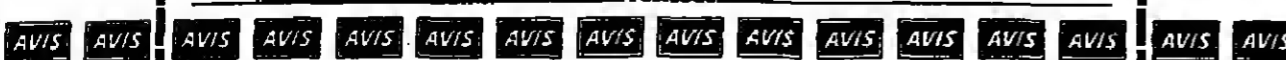


To: The Secretary, Avis Europe plc, Avis House, Station Road, Bracknell, Berkshire RG12 1HZ, England

Name _____

Address _____

Postcode _____



Godfrey Davis up 30% to £13.9m

BY VANESSA HOULDER

Godfrey Davis, the broadly based service company which last year merged with the Sunlight Service Group, yesterday announced a 30 per cent increase in pre-tax profits to £13.9m for 1987.

The results, which have been merged with the Sunlight Service Group, yesterday announced a 30 per cent increase in pre-tax profits to £13.9m for 1987.

The results, which have been merged with the Sunlight Service Group, yesterday announced a 30 per cent increase in pre-tax profits to £13.9m for 1987.

Handley Walker joins USM with £8m price tag

By Fiona Thompson

YOU MAY have thought it just came naturally, but teaching Marks and Spencer sales staff how to recognise, interpret and act upon their customers' body language is big business.

Handley-Walker Group, management consultants, have during the past 18 months trained several thousand Marks & S staff in the art of customer assistance, particularly in the "high service" areas - such as menswear - where customers require a lot more help. Women, it appears, neither require nor take as much advice.

Move to higher margin homes helps Walter Lawrence to £12m

BY PATRICK DANIEL

Walter Lawrence, the Hertfordshire-based house-builder and contracting group, reported a 1987 pre-tax profit of £12.1m, up 61 per cent on the previous year's £7.5m.

The growth came mainly from higher margins from house-building - which accounted for 85 per cent of operating profit - although the group's contracting and merchandising businesses also grew. Total turnover was up 17 per cent to £207m (£177m).

A final dividend of 3.5p has been proposed, making a total for the year of 4.75p (4p). Earnings per share were 17.1p, up from 12.2p.

Carborundum profits rise to over £3m

Improved business levels in the latter part of the year helped Carborundum Abrasives to raise 1987 pre-tax profits from £2.67m to £3.08m. Turnover of this maker of abrasive products grew 12 per cent to £58.13m.

The company, which is currently traded on the over-the-counter market made by Carville, said it intended to apply for the admission of its shares to the Official List. Mr Trevor Egan, chairman, said he considered this to be an essential step in its development.

Alpine Soft Drinks cuts losses at nine months

Alpine Soft Drinks, the Birmingham-based fizzy drinks supplier which has been making strenuous efforts to return to profitability, reported a sharply reduced deficit for the nine months to end-December.

The pre-tax loss shrunk to £94,000 against £477,000 in the comparable period. Turnover fell to £9.83m (£13.72m), and gross profit from £7.62m to £5.34m. Reduced distribution and administrative costs took £4.93m (£7.44m) and £581,000 (£873,000) respectively. There was a tax credit of £28,000 (£259,000).

W A Tyzack sheds jobs as site is sold

By Nikki Tait

W A Tyzack, the Sheffield-based engineering group where new management moved in recently, is to phase out production at the company's Little London works site by September, and put the 6.3 acre freehold up for sale.

The production activities which were the transmission, rotary lawn mower blade, machine knives and harvesting divisions - will be concentrated at the main Green Lane site, although a number of redundancies under 100 jobs - will also ensue.

Britannia at £2m

Britannia Group lifted pre-tax profits from £801,000 to £2m in 1987. A final dividend of 2.5p is recommended for the year.

Gold Fields denial over ARC

BY NEKKI TAIT

Consolidated Gold Fields, mining finance company, yesterday denied market rumours that Hanson, industrial conglomerate, had approached it with an offer for its wholly-owned subsidiary, ARC.

Gold Fields said that there was no truth in the story. "We are not aware of having been approached by Hanson," commented the company spokesman. "We would not consider selling ARC."

Quarto increase

Quarto Group, increased 1987 pre-tax profits by 48 per cent from £963,000 to £1.38m. A final dividend of 3p gross makes a total of 4.5p.

Barr & Wallace doubles profit

Barr & Wallace Arnold Trust yesterday revealed pre-tax profits for 1987 more than doubled to a record £2.7m against £1.32m the previous year.

It is now joining the Unlisted Securities Market.

Capel-Care Myers is placing 1.5m shares, representing 23.5 per cent of the enlarged equity, at 125p per share, valuing the company at £2.96m.

fuel distribution - made £152,000 (£196,000), although Mr Barr said that this was a "steady performance" in the face of "exceptionally difficult trading conditions."

Regarding current trading, Mr Barr said business was good in all divisions and ahead of 1986. In particular, volume of bookings in both British and Continental package holidays had increased.

Peachey extends EPIC offer

Peachey Property has extended its offer for Epitax Property Investment Company until April 26 and has also confirmed that it intends to remain a significant minority shareholder in EPIC if necessary.

Peachey's offer, which has been declined final, is worth 260p a share and values EPIC at £53.4m. It has, however, been overtaken by a rival recommended offer from Gilvite, a consortium headed by Mr Stephen Wingate, which is worth 270p a share.

acceptances in respect of a further 1.8 per cent of EPIC's shares - giving it control of 33.7 per cent. Peachey added that it had purchased a further 285,000 EPIC shares and received acceptances in respect of another 1,681, but valid cover had not been received for either of these blocks.

Together, these shares are equivalent to a further 1.2 per cent of EPIC's equity.

This advertisement is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange").

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued and to be issued share capital of Dudley Jenkins Group plc ("the Company") in the Unlisted Securities Market. It is emphasized that no application has been made for the ordinary shares to be admitted to listing and that this advertisement does not constitute an invitation to the public to subscribe for or to purchase securities.

Dudley Jenkins Group plc

(Incorporated in England under the Companies Act 1948 to 1981 No. 1633300)

SHARE CAPITAL		Issued and now to be issued fully paid
Authorized	£	218,500
300,000	Ordinary shares of 5p each	

Placing by
HENRY COOKE, LUMSDEN plc

of 883,127 fully paid Ordinary shares of 5p each at 55p per share

The Company is a list broker, and derives its income from commissions on list rental charges, the rental of its own list and the provision of mail production, list management and insert promotion services.

Particulars relating to the Company are available in the Extra Unlisted Securities Market Service from 15th April 1988 and copies of such particulars may be obtained during normal business hours on any weekday (Bank Holidays and Saturdays excepted) up to and including 28th April, 1988 from:-

HENRY COOKE, LUMSDEN plc

City Walk House,
84-90 Chiswell Street,
London EC1Y 4TL

15th April, 1988

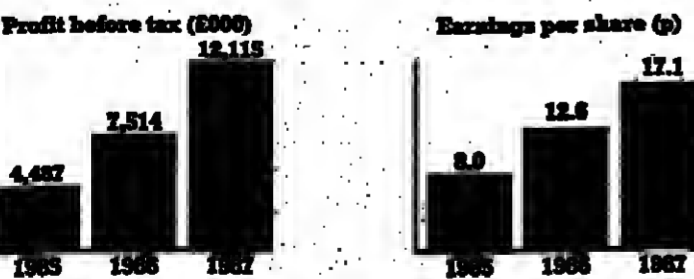
Walter Lawrence P.L.C.

Preliminary results Year ended 31st December 1987

- Profits up 61%
- Earnings per share up 35%
- Dividend per share up 19%

"All divisions of the Group have improved their performance and are well placed to take advantage of many opportunities in 1988. The Board is confident that future results will continue to reflect the underlying strengths of the group."

Trevor Mawby Chief Executive



Walter LAWRENCE

Walter Lawrence P.L.C., Lawrence House, Sun Street, Sawbridgeworth, Herts CM21 8LX

COMPANY NEWS IN BRIEF

GENERAL ACCIDENT is acquiring Sexton estate agents, which has 14 offices in the Yorkshire and Lancashire regions. Sixteen offices are to be sold to a consortium of investors. As part of the consideration General Accident is issuing 128,436 shares.

BOSUNMARK ML Holdings has received acceptance for its proposed offer to acquire B&W and its subsidiaries for £1.25m cash plus two-thirds of the excess of profits of £388,000 in the 28 months to end-October 1989. B&W, a private company based in Shrewsbury, had net assets of £1.1m at end-November 1987.

NORTH BRITISH Canadian Investment: Net asset value 433.9p (380.5p) for year to end-February 1988. Net revenue £553,018 (£503,388). Recommended final dividend 8.5p making 8.1p (7.5p) for year.

REGENTCREST has exchanged contracts with the vendors of a private company, Plymouth Park Estates, for the acquisition of PPE for a total consideration of £400,000 satisfied by the allotment of 400,000 new ordinary shares. The company understands that the merchant banking group, Robert Fraser and Partners, has agreed to acquire, as an investment, all the shares issued under this agreement.

YEAKING BROS totaling £2m at 94 p, redeemable on April 19 1988, have been issued by the following local authorities: - High Peak (borough) of £0.5m; Hillingdon (London borough) of £1.1m; West Lancashire District Council of £0.5m.

DC GARDNER's sales and profits are significantly up on the same period of 1987, shareholders were told at the annual meeting, and the board is confident of continuing this progress in the rest of the year. DC Gardner City, corpo-

rate communications consultancy established recently, is expected to contribute to 1988 profits.

IRISH WIRE Products has agreed to acquire John Cleland (Holdings) for a maximum £5m. An initial £2m will be paid in cash and £3m by the allotment and issue of 270,270 new ordinary shares for seven and a half times Cleland's profits for the year ended April 30 1988 are over £383,388.

LADBOKE GROUP has bought British Land's 75 per cent interest in three first class hotels at Hastings, Swansea and Livingston, for £14.8m. They will be included in the Hilton national chain.

INTERNATIONAL BUSINESS Communications (Holdings) has acquired Direct Response magazine for seven and a half times 1987 after-tax profit. It is the trade journal of direct marketing and has a turnover of £700,000.

BOUSTEAD, overseas trader, has bought a further 2.44m ordinary shares in its subsidiary Boustead Singapore for £781,000, taking its holding to 63.5 per cent.

AGB RESEARCH has acquired Mander Walsh for £1.1m cash to develop its involvement in direct marketing services.

SEALAND WICK, independent public relations consultancy, has announced that over 98 per cent of the 3.68m ordinary 2p shares offered in its rights issue has been taken up.

RURAL PLANNING Services: (USM-quoted environment consultant)

Turnover £1.08m (£722,295) and pre-tax profit £480,151 (£340,017) for 1987. The £170,000 (£148,300), leaving earnings per share 4.85p (3.65p). Dividend 1p.

JERMYN INVESTMENT and Trevian Holdings are to each take 50 per cent of the share capital of Lansdown House Property for a total of £5.75m. A seven year £5.4m loan secured against property, will fund the purchase, scheduled for completion on May 6 1988. Jermyn has also contracted to purchase the leasehold of 3 Beeston Place, London SW1 for £885,000.

CAPITAL & COUNTRIES has sold a freehold retail warehouse site at Eastleigh, Hampshire, to Payless DIY for £3.2m. The sale will produce a trading profit in the region of £2m.

MICROFILM REPROGRAPHICS has acquired Surrey Microfilm for an initial payment of £400,000 cash and a deferred consideration of up to £500,000 linked to Surrey's pre-tax profits for the year to end-September 1988. Surrey incurred a pre-tax loss of £216,000 in the year to end-September 1987. DOCTUS is to sell SEP and SEE to Peter Brockbank, who has resigned as a Doctus director, for a nominal £1. As part of the agreement, Doctus will subscribe at par for £1 redeemable preference in SEE for the equivalent of the combined overdrafts of SEP and SEE at completion. However, Doctus will have the right to defer completion for up to 28 days or to rescind the agreement if the combined overdrafts exceed £200,000 at completion date.

NOTICE OF REDEMPTION to the Holders of

Bank of Baroda US\$30,000,000 Floating Rate Notes due 1989

NOTICE IS HEREBY GIVEN that in accordance with the provisions of Clause 5(d) of the Terms and Conditions of the Notes the Bank of Baroda has elected to and will redeem all of the Notes then outstanding at their principal amount on the 31st May 1988, when interest on the Notes will cease to accrue.

Repayment of principal will be made on presentation and surrender of the Notes at the offices of any of the Paying Agents listed below. Coupons in respect of interest due on 31st May 1988 should be detached and presented in the normal fashion.

- Paying Agents
- Lloyds Merchant Bank Limited
40-66 Queen Victoria Street
London EC4P 4EL
(Principal Paying Agent)
 - Citibank Bank
55 Water Street, New York
New York 10041
 - Lloyds Bank (Belgium) S.A.
2 Avenue de Tirvuren
B-1040 Brussels
 - Banque Internationale à Luxembourg S.A.
2 Boulevard Royal
L-2583 Luxembourg
 - Standard Chartered Bank
Edinburgh Tower
Queens Road Central
Hong Kong
 - Commerzbank AG
Neue Mainzer Strasse 32-36
D 6000 Frankfurt/Main 1
Credit Lyonnais
29 Blvd des Capucins
75002 Paris

Lloyds Merchant Bank

BUYING OUT?

The question may never arise. But then again circumstances change and you may have to face this decision in the future.

Better then to read the Investors Chronicle Management Buy-Out Survey on May 6th. This will give you the who, how and why of MBOs. We will also explain the potential of Buy-Ins, Mezzanine Financing and International Networks.

For enquiries about advertising and requests for the editorial synopsis, please contact:-

Alan Cunningham

INVESTORS CHRONICLE

GREYSTOKE PLACE, FETTER LANE, LONDON EC4A 1ND
TELEPHONE: 01-405 8869

GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	Div (p)	% YTD	P/E	
206	233	Asst. Brk. Ind. Ordinary	194	0	0.9	4.5	7.3
207	145	Asst. Brk. Ind. CDS	179	0	10.0	5.1	-
41	20	Asst. Brk. Ind. CDS	30	0	1.1	11.1	-
142	40	BBB Design group (USM)	50	0	2.1	4.1	8.0
198	108	Barton Group	102	0	2.7	1.6	27.7
156	95	Bray Technologies	126	0	4.7	3.4	11.1
285	130	CCL Group Ordinary	156	-2	11.5	4.5	6.4
147	99	CCL Group 11% Conv. Pref.	130	0	15.1	11.4	-
171	130	Carborundum Ordinary	130	0	5.4	4.1	11.4
104	91	Carborundum 7.5% Pref.	104	+1	2.7	3.7	7.5
220	87	George Blair	220	0	3.7	1.7	6.2
143	65	Isle Group	72	0	3.4	3.9	9.7
184	59	Jackson Jones	98	-2	10.4	3.2	13.0
786	300	Malvern (W) (ASMS)	328	0	4.1	2.4	-
91	41	Robert Jervis	41	0	-	-	-
124	30	Scruttons	124	0	5.5	4.4	31.0
224	67	Tesley & Corbett	220	-2	6.6	3.3	9.7
71	32	Trevelyan Holdings (USM)	70	-5	2.7	3.7	7.5
105	100	Unilever Europe Conv Pref.	108	0	1.0	7.1	-
273	170	W.S. Watson	273	-1	16.6	6.1	52.5

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

Granville & Company Limited
8 Lower Lane, London EC3R 8BP
Telephone 01-621 1212
Member of FIMBRA

Granville Davies Limited
8 Lower Lane, London EC3R 8BP
Telephone 01-621 1212
Member of the Stock Exchange

COMMODITIES AND AGRICULTURE

Attacks cloud prospects for Colombian bananas

BY SARTA KENDALL IN BOGOTA

TWO RECENT massacres in the heart of Colombia's banana-growing north-western region have cast a shadow over the future of a flourishing export industry. Last year, violence and strikes in the Uraba area cost banana companies about US\$9m (€4.5m) in lost exports and 1988 has started off even worse with more than 100 people assassinated so far. The dead include union leaders, left-wing and Liberal Party politicians, plantation overseers and banana workers. Last month armed men invaded two banana farms at night and hauled families out of their homes. Twenty people were shot by attackers reported to have been wearing military uniforms. Anti-guerrilla slogans were daubed on the farm buildings. Four days ago, another nine workers were dragged from their homes, their hands tied and they were murdered. At least six more have gone missing. About 12,000 people are directly employed in the Uraba banana industry. Exports began in 1964 and reached US\$168m last year. Bananas are also grown inland from Santa Marta, in an area notorious for an earlier massacre: over 100 people were killed in 1958 during a strike against the United Fruit Company. Santa Maria's banana exports earned \$24m last year. Uraba is a frontier area in every sense. Settled by cattle-men, farmers and migrant peasants over the last 25 years, it has proved fertile ground for guerrilla activity and drug trafficking. About 85 per cent of the banana plantations are 30 hectares or larger, and the majority of land-owners live elsewhere. Extortion and kidnappings keep them away. The military claim that the two left-wing trade unions operating in the area are strongly influenced by guerrilla groups. Attacks on the banana companies have extended to the Medellín and Bogotá offices, which were bombed last month. Although labour problems have repeatedly disrupted the banana industry in recent years, the latest wave of violence is "political", according to the Association of Banana Producers. In an open letter published on Wednesday, the producers urged the government that its sovereignty over Uraba is endangered. The Minister of Justice has now promised special measures, including a high-level commission to investigate the killings and greater military and police presence. The commission has produced little effect in the past.

Canada strives to meet grain contracts

By David Owen in Toronto

CANADA IS taking steps to encourage grain farmers to increase deliveries of wheat, barley and oats to the Canadian Wheat Board (CWB), the country's sole wheat exporter, to enable the country to meet its heavy export commitments. As part of the initiative, Mr Charles Meyer, Minister of State for the Wheat Board, this week raised by between 5 and 16 per cent the prices paid to farmers at the elevator for the three grains in question. In addition, United Grain Growers (UGG), a farmer-owned co-operative which acts as an agent for the CWB, has proposed that it will share grain free of charge for farmers who make deliveries in response to the appeal. "We hope that this will stimulate deliveries," said Mr John Clark, UGG manager of farm information services. In recent months, farmers have tended to hang on to their grain in the hope that prices will rise. Although well over 90 per cent of the grain required in coming months is wheat, barley is currently thought to be in the shortest supply. As of mid-March, Canadian wheat exports for the 1987-88 crop year (ending July 31) were up nearly 20 per cent from a year ago at 11.7m tonnes. Increased sales to China account for a large part of the improvement. By contrast, barley sales over the same period were well below year earlier levels at 2.8m tonnes, against 4.7m in 1986-87. Wheat Board officials attribute the decline to exceptionally heavy early season sales a year ago.

Lynne Curry on China's struggle to meet rising demand Peking's buying spree boosts sugar

THE STEADY rise in the world price of sugar from \$170 (€92) a tonne in January to around \$200 in the past few weeks has focused renewed attention on China's growing role in the international sugar market. In spite of the fact that it is the world's fifth largest producer of sugar, China has recently increased its imports dramatically. According to traders and diplomats, it is likely to resume its buying spree later this spring, a development which could have a further significant impact on the market. In the last quarter of 1987, Chinese sugar imports rose substantially, and they continued to increase in the first part of 1988. The imports were about double the rate of the two previous years for the same time period, according to a Western agricultural expert. China imported an estimated 1.87m tonnes last year, an increase of nearly 60 per cent over 1986, one Asian analyst noted. In January this year the Chinese are reported to have bought 61,702 tonnes of raw sugar, 45 per cent more than in the same month in 1987, he added. Since then, analysts say Peking has adopted a lower profile, but this is not expected to last. Traders said the Chinese are using a cunning, capitalist approach: secretly entering the market and buying in large quantities when they believe the price is low enough. "The requirement for sugar this year is quite strong," an Asian analyst said. "Sugar really is a big problem and it will continue for some time." A combination of factors is responsible for the surge in Chinese sugar imports: rising demand, falling production, greater provincial freedom to make direct purchases, and the inability of some of the country's normal sugar suppliers to fulfil their contracts. China imports most of its

sugar under a government-to-government arrangement with Cuba and an agreement with CSR, a diversified Australian multi-national producer. It buys the remainder on the spot market, primarily from Thailand, Fiji, and Brazil. Recently, however, the Chinese are reported to have had serious problems with the Cubans. Last summer, Havana is said to have national cereal, oils, and Food-stuff Import Export Corporation (Ceroll), the country's main agency for agricultural products. China normally imports a total of 1.5m to 2m tonnes a year, which is usually purchased at the end of the calendar year following the winter harvest and again in the spring after it has been refined, according to analysts. But if demand is acute and the price is low enough, it often increases its imports before March or April. At the same time China is looking for other sources of sugar, demand is rising and production has been falling. Per capita consumption has increased from 8.5 kg in 1980 to 6.5 kg in 1986, according to traders. In the 1987/88 marketing year, consumption is forecast to rise to 7.2m tonnes from 7m tonnes the previous year, a significant gain over a 6.1m tonnes in 1986/87, western agricultural observers noted. This rapid growth in consumption resulted in sugar rationing, begun in late 1987 in most major cities of China except Canton, the capital of the country's largest cane-producing province. Sugar cane is also harvested in Fujian, while sugar beets are grown in the northern provinces of Heilongjiang, Inner Mongolia, and Shandong. The recent marked increase in consumption is due to greater demand from the processed foods industry and from rural China

where incomes have been rising, diplomats said. Production, however, has not kept pace with the growth in consumption. One western agricultural expert forecasts that total raw sugar production will fall to 5.5m tonnes in 1987-88 from 5.7m tonnes in 1986-87. This is the result of smaller sugar cane and beet harvests, caused by a drop in area planted. The decline is due largely to the decreasing profitability of producing both sugar cane and beets. The domestic sugar price has remained unchanged for the last 20 years, and in 1987, farmers chose to raise grain, fruit and vegetables. "The returns to growing sugar are still substantially less than anything else," one western agricultural observer said. "So, the farmers aren't interested." As a result, the central government has ordered rises in the 1988/89 purchasing prices to producers of both cane and beets and that subsidies be given to the farmers as additional incentives, according to diplomats. In spite of this encouragement to farmers, analysts say the government is unwilling to raise the retail sugar price for fear that it could fuel inflation and trigger urban unrest. In the face of all the difficulties in meeting domestic demand, China still exports refined sugar to earn badly needed foreign exchange. "They need hard currency," one trader said. "They will sell sugar even if they are short domestically. They don't care." So analysts doubt that China will be able to meet its own need for some time with its continually growing demand. "The Chinese sugar crop can't keep pace with consumption if they allow people to consume as much as they want," one Asian observer said. "Even if they import another million tons, it will not be enough. The rate of population growth is higher than the rate of consumption."

Japanese buying lifts platinum

BY DAVID BLACKWELL

A SUBSTANTIAL increase in recent purchases of platinum by the Japanese appears to have lifted the price of the metal, re-establishing its premium over the gold price, according to a Johnson Matthey report. Last night the London spot price for platinum closed at \$530 a troy ounce, while gold was \$450.75 an ounce. In mid-December both metals were at \$485 an ounce. Japan imported 11.5 tonnes of platinum in February, according to Japanese trade statistics. This is well above the record 8.76 tonnes set last November and the 5 tonnes bought in January. The average monthly import last year was 4.3 tonnes, up from 2.5 tonnes in 1986. The recent purchases "have almost certainly taken a substantial volume of secondary stocks off the market," says the report. At the current rate Japanese purchases alone would more than equate to a year's total Western world supply - 96 tonnes last year. The statistics show that 4.5 tonnes of the February imports came from the Soviet Union.

The indications are that a significant amount of Russian metal is being released from old stocks previously held in Europe," says the report. "We do not believe that new Soviet supplies have suddenly risen to this level and, indeed, overall stocks appear to be reducing." Johnson Matthey believes the stronger yen is encouraging the purchases. It points out that in January last year, platinum at \$500 an ounce was equivalent to \$2,540 a gram. Current prices of around \$330 an ounce are equivalent to \$2,150 a gram.

Venezuela 'raises crude oil export prices'

BY JOSEPH MANN IN CARACAS

VENEZUELA HAS raised export prices for its crude oil and refined products by an average of \$1.50 per barrel, according to reports published in Caracas today. The report, which did not give specific increases for different grades of crude oil or products, also said that the country's prices would be effective as of April 13. However, its crude exports are of high viscosity oil, which falls outside the Organisation of Petroleum Exporting Countries' pricing agreement. Venezuela, a founder member of the Organisation of Petroleum Exporting Countries (Opec), today exports around 1.5m barrels per day of petroleum. The

new prices are expected to generate \$2.5m per day for Venezuela in additional export revenues. The Government reported that Venezuela in 1987 produced an average of 1.5m b/d of crude oil, not including natural gas liquids and field condensates. Exports last year averaged 1.5m b/d, down slightly from 1986. At the same time, the Vice President of West Germany's Veba Oel AG, Mr Wilhelm Bause, said in Caracas that his company is studying the possibility of investing in a new petrochemical plant in Venezuela. The German executive said the plant would be a joint venture between Veba Oel and PDVSA, Venezuela's national oil company, but he did not indicate what type of facility it would be. Veba Oel and PDVSA are partners in a refining complex in West Germany, and Venezuela is currently making progress on a major expansion of its petrochemical industry. Norsk Hydro, a Norwegian company, and Italy's Eni are participating in three new joint ventures in petrochemicals with Venezuela.

ABOUT 2.6m barrels of light and medium grade crude oil are still left to be discovered in the western Canadian oil basin, according to a report by the Geological Survey of Canada, writes David Owen in Toronto. About 70 per cent of this oil could be developed commercially at market prices of \$22-25 (€12-20) a barrel. However, reserves will become harder to find and oil pools will be smaller than in the past. "The implication is that it will require as many exploratory wells to locate the last 20 per cent of the resource as it did to find the first 80 per cent," the report said. Since the first major Canadian oil discovery in 1947, some 15bn barrels have been discovered or pumped. The report, based on detailed studies of the rock formations of the western basin, projected that as many as 18,000 oil discoveries will be made before the region's reserves are depleted.

Comex to launch high grade copper

BY DEBORAH HARGREAVES IN CHICAGO

NEW YORK'S Commodity Exchange (Comex) will launch a new high grade copper futures contract on July 28, the exchange announced yesterday. The contract was approved by the Commodity Futures Trading Commission in October 1986, but held up for consideration by the exchange's non-ferrous committee. "The timing is ideal," commented Mr John Hausman, the Comex chairman. "Comex warehouse stocks are at an almost historic low, for a number of cash market reasons, and we felt it was a rational time to move into high grade." Comex's existing grade 2 copper contract will gradually be phased out pending CFTC approval, the exchange said. Only grade 1 electrolytic copper cathodes will be deliverable against the new contract - all other specifications will remain the same. High grade copper, which represents the bulk of world production and usage is deliverable against Comex's existing contract for a 1 1/2 cent premium.

Grain yields have increased in the Ukraine despite the April 1988 Chernobyl nuclear accident, the Soviet news agency Tass said, reports Mr Alexander Demchenko, deputy chief of Gosagroprom (the agro-industrial ministry) in the Ukraine, as saying grain yields rose to 3.23 tonnes per hectare last year from 2.64 in 1986.

WORLD COMMODITIES PRICES

LONDON MARKETS

Table with columns for Commodity, Price, and Change. Includes Copper, Aluminium, Gold, Silver, Platinum, and various oils.

COCOA PRICES

Table with columns for Cocoa Type, Price, and Change. Includes Cocoa Beans, Cocoa Butter, and Cocoa Powder.

LONDON METAL EXCHANGE

Table with columns for Metal, Price, and Change. Includes Aluminium, Zinc, Lead, and Tin.

LONDON BULLION MARKET

Table with columns for Bullion Type, Price, and Change. Includes Gold, Silver, and Platinum.

US MARKETS

Table with columns for Commodity, Price, and Change. Includes Wheat, Corn, Soybeans, and various oils.

CHICAGO

Table with columns for Commodity, Price, and Change. Includes Soybeans, Corn, and various oils.

WHEAT 5,000 bu metric tonne

Table with columns for Wheat Type, Price, and Change. Includes Hard Red Winter, Soft Red Winter, and others.

SOYBEANS

Table with columns for Soybean Type, Price, and Change. Includes Soybean Meal, Soybean Oil, and others.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on trade figures

THE US trade figures were described as "a bit of a shock" by Mr Rupert Thompson, international economist at Morgan Grenfell. This was probably something of an understatement, with foreign exchange dealers saying the data were catastrophic, while some were apparently left speechless.

Central banks intervened, in an attempt to limit the dollar's fall after the trade announcement, but according to dealers in London the timing was bad. So many central banks appeared keen to say they were supporting the dollar that this probably led to some panic, and no desire in the market to hold on to the US currency.

By any judgement the trade figures were not good, with the deficit in February widening to \$18.8bn, from \$12.4bn in January.

Seasonal factors alone should have produced a narrowing in the shortfall, although Mr Thompson suggested the figures may be distorted, and that the pattern in US imports is suspiciously regular.

Favourable seasonal factors in February will turn against the US in March, leading to suggestions that only a substantial downward adjustment in the dollar's value will eventually correct this situation.

Recent US economic figures have pointed to continued strong domestic demand, and this has sucked in imports, although there are signs in the latest figures that part of this import penetration is in capital goods.

which should at some time be turned into rising exports.

The dollar touched a peak of DM1.670 in Europe before the trade figures, but fell to a low of DM1.675 in immediate reaction to the news, before rallying slightly to close in London at DM1.682, compared with DM1.6825 on Wednesday.

The figures also pushed the dollar down to a low of Y123.00 against the yen, before it bounced to Y123.65, against Y126.30 previously.

Against other major currencies the dollar fell to SFr1.370 from SFr1.4025 and to FF75.84 from FF75.7875.

According to the Bank of England the dollar's exchange rate index fell to 82.3 from 84.5.

STERLING - Trading range against the dollar in 1987/88 is 1.6890 to 1.4710. March average 1.6392. Exchange rate index rose 0.4 to 77.2, compared with 73.3 six months ago.

Steering rose in line with other major currencies against the dollar, on publication of the US trade figures, but failed to show any strong independent movement.

The pound gained 4.60 cents to \$1.6755, by the London close, but had only advanced to DM3.1175

from DM3.1125, although in after hours trading it broke through DM3.12. Sterling also improved to FF710.5800 from FF710.5550, but eased to Y232 from Y232.25, and to SFr2.5750 from SFr2.58.

D-MARK - Trading range against the dollar in 1987/88 is 1.9005 to 1.5740. March average 1.6786. Exchange rate index 149.0 against 148.5 six months ago.

The dollar fell to DM1.6550 at the Frankfurt close, from DM1.6900 on Wednesday. The Japanese yen was particularly firm, after the US trade news, rising on a cross rate against the D-Mark to DM1.3440 per 100 yen from DM1.3390.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.55. March average 127.08. Exchange rate index 248.7 against 222.7 six months ago.

The yen held steady in Tokyo, as the market showed no reaction to the commitment of Group of Seven ministers to currency stability. Trading was quiet, with dealers waiting for publication of the US trade figures. The dollar closed at Y126.15 in Tokyo, down from Wednesday's finish of Y126.45.

FINANCIAL FUTURES

US Treasury bonds weaker

DOLLAR DENOMINATED contracts weakened on futures markets, following the announcement of very disappointing US trade figures in February.

The February deficit of \$13.8bn, compared with forecasts of around \$11bn and in some cases less than \$10bn.

Any figure over \$10bn was likely to depress the dollar, and the financial markets reacted with some alarm to the announcement.

US Treasury bond prices fell over 1 point in immediate reaction to the trade news, with June delivery touching a low of 88-09 on Liffe, compared with 90-22 shortly before the announcement.

The contract closed at 89-14, compared with 90-14 on Wednesday. Sterling contracts remained in a tight range, but turnover was higher in long gilt futures, at 21,406, compared with 13,238 on Wednesday. Mr Nick Parsons, at Union Discount, said long gilt futures finished around the top of the day's range, but there seemed

no desire to buy fixed term instruments for their own sake.

He added there was little or no enthusiasm in the market. Buying of gilts was an insurance against another sharp fall in equities, with the market remaining nervous about another crash in share prices.

This may have been a premature judgement, according to Mr Parsons, but reflects the sudden turnaround in equity prices after the US trade announcement.

Table with columns: Liffe Long Gilt Futures Options, Price, Bid, Ask, etc.

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EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change, % change, etc.

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Apr 14, Bid, Ask, etc.

Biggest fall in convertible rates: Francs from 65.70-65.80 to 65.50-65.60. Short-term forward rates: 1.33-1.37 per 12 month 2.15-2.20p.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Apr 14, Bid, Ask, etc.

1 UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Bid/ask rates are for convertible rates. Financial Times, 25.05.83.

EURO-CURRENCY INTEREST RATES

Table with columns: Apr 14, Bid, Ask, etc.

Long term Eurobills: two years 8.5-9% per cent; three months 8.5-9% per cent; six months 8.5-9% per cent; one year 9-9.5% per cent. Short term rates are for US dollars and European currencies, see spot rates.

EXCHANGE CROSS RATES

Table with columns: Apr 14, Bid, Ask, etc.

Yen per 1,000: French Fr. per 100; Lira per 1,000; Deutsche Fr. per 100.

FT LONDON INTERBANK FIXING

Table with columns: 3 months US dollars, 6 months US dollars, etc.

The fixing rates are the arithmetic mean of the highest and lowest rates for bills quoted by the market to five reputable banks in London. The banks are: Citibank, Deutsche Bank, Tokyo-Mitsubishi Bank, Paribas, and the National Westminster Bank.

MONEY RATES

Table with columns: Treasury Bills and Bonds, etc.

LONDON MONEY RATES

Table with columns: Apr 14, Bid, Ask, etc.

Treasury Bills: one month 7.5% per cent; three months 7.5% per cent; six months 7.5% per cent; one year 7.5% per cent.

Bank of England: one month 9.5% per cent; three months 9.5% per cent; six months 9.5% per cent; one year 9.5% per cent.

Bank of Ireland: one month 10.5% per cent; three months 10.5% per cent; six months 10.5% per cent; one year 10.5% per cent.

Bank of Scotland: one month 11.5% per cent; three months 11.5% per cent; six months 11.5% per cent; one year 11.5% per cent.

Bank of Wales: one month 12.5% per cent; three months 12.5% per cent; six months 12.5% per cent; one year 12.5% per cent.

Bank of Northern Ireland: one month 13.5% per cent; three months 13.5% per cent; six months 13.5% per cent; one year 13.5% per cent.

Bank of Jersey: one month 14.5% per cent; three months 14.5% per cent; six months 14.5% per cent; one year 14.5% per cent.

Bank of Guernsey: one month 15.5% per cent; three months 15.5% per cent; six months 15.5% per cent; one year 15.5% per cent.

Bank of Jersey: one month 16.5% per cent; three months 16.5% per cent; six months 16.5% per cent; one year 16.5% per cent.

Bank of Guernsey: one month 17.5% per cent; three months 17.5% per cent; six months 17.5% per cent; one year 17.5% per cent.

Bank of Jersey: one month 18.5% per cent; three months 18.5% per cent; six months 18.5% per cent; one year 18.5% per cent.

Bank of Guernsey: one month 19.5% per cent; three months 19.5% per cent; six months 19.5% per cent; one year 19.5% per cent.

Bank of Jersey: one month 20.5% per cent; three months 20.5% per cent; six months 20.5% per cent; one year 20.5% per cent.

Bank of Guernsey: one month 21.5% per cent; three months 21.5% per cent; six months 21.5% per cent; one year 21.5% per cent.

Bank of Jersey: one month 22.5% per cent; three months 22.5% per cent; six months 22.5% per cent; one year 22.5% per cent.

CURRENCY FUTURES

Table with columns: Apr 14, Bid, Ask, etc.

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MONEY MARKETS

Muted reaction

REACTION IN London to the US trade figures was rather muted, as sterling did not show any strong upward movement against currencies, other than the dollar.

Three-month interbank was steady at 8.5-8.6 p.c., compared with 8.4-8.5 p.c. on Wednesday.

Over the next week or so dealers will want to see if the poor US trade data lead to a continued weakening of the dollar and a flow of speculative money into London.

Although the pound has tended to drift down against the D-Mark

UK clearing bank base lending rate 8 per cent from April 11

this week, it has been suggested that disappointing US trade figures could produce an upturn in demand for sterling, possibly pushing the currency up towards DM3.15.

This is the level where dealers believe the Bank of England may be forced into signalling another cut in UK bank base rates.

The Bank of England initially forecast a money market shortage of \$900m, but revised this to \$850m in the afternoon, and provided total help of \$760m.

An early round of assistance was offered, and at that time the

authorities bought \$240m bills, including \$180m outright, by way of \$120m bank bills in hand 1 at 7.5 p.c., and \$60m bank bills in hand 2 at 7.5 p.c.

Another \$60m bills were purchased, for resale to the market on May 9 at 7.5 p.c.

Before lunch the Bank of England also bought \$30m bills outright through \$30m bank bills in hand 1 at 7.5 p.c. and \$30m bank bills in hand 2 at 7.5 p.c.

In the afternoon the authorities gave help of \$20m, buying \$20m bills outright, by way of \$20m bank bills in hand 1 at 7.5 p.c., and \$20m bank bills in hand 2 at 7.5 p.c.

Another \$20m bills were purchased, for resale to the market on May 9, at 7.5 p.c.

Large assistance of \$130m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained \$421m, with Exchequer transactions absorbing \$350m, a rise in the note circulation \$28m, and bank balances below target \$26m. There were no significant offsetting factors.

In Frankfurt call money eased to 3.50 p.c. from 3.25 p.c. as credit conditions remained very comfortable. The general tone was for an easing of interest rates, with dealers seeing no significant negative factors on the horizon.

Are You On The Right Wavelength? WAVE ANALYSIS. Latest issue now out projecting stock indices, currencies, interest rates, commodities and shipping.

HALCYON DAYS. To Commemorate The Centenary of The Financial Times. Commissioned to celebrate the founding of the newspaper in 1888, The Bracken House headquarters in Cannon Street, London is surrounded by columns of newspaper, appropriately stippled in pink.

FT 30. Apr. 13/99/1411-30. FTSE 100. Apr. 1767/1779-38. WALL STREET. Apr. 2064/2078-35. Jun. 1407/1414-30. Jun. 1777/1789-38. Jun. 2067/2081-36.

A/B/C Union Bank of Norway. Oslo, Norway. \$50,000,000 13% Subordinated Bonds due 1993. WESTDEUTSCHE LANDESBANK GROSZENTRALE, SECURITY PACIFIC HOARE GOVETT LIMITED, ANZ MERCHANT BANK LIMITED, BADISCHE KOMMUNALE LANDESBANK GROSZENTRALE, BANK BRUSSEL LAMBERT N.V., BANKERS TRUST INTERNATIONAL LIMITED, BAYERISCHE LANDESBANK GROSZENTRALE, BHF-BANK, BNP CAPITAL MARKETS LIMITED, DAWA EUROPE LIMITED, DEUTSCHE BANK CAPITAL MARKETS LIMITED, DEUTSCHE GROSZENTRALE - DEUTSCHE KOMMUNALBANK -, DRESSNER BANK AKTIENGESELLSCHAFT, HAMBROS BANK LIMITED, HESSISCHE LANDESBANK - GROSZENTRALE -, KREDBANK INTERNATIONAL GROUP, LITSB INTERNATIONAL LIMITED, THE NIKKO SECURITIES CO., (EUROPE) LTD., NORDDEUTSCHE LANDESBANK GROSZENTRALE, SKOPBANK, SPAREKASSEN SDS, VERBANDS- UND WESTBANK AKTIENGESELLSCHAFT, WESTDEUTSCHE GENOSSENSCHAFTS-ZENTRALBANK E.G., WESTPAC BANKING CORPORATION, WOOD GUNDY INC., YAMAICHI INTERNATIONAL (EUROPE) LIMITED.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Stock. It lists various options contracts and their corresponding stock prices.

WORLD BANKING

The Financial Times proposes to publish this survey on:

18th May 1988

For a full editorial synopsis and advertisement details, please contact:

KAY CRELLIN on 01-248 8000 ext 3230

or write to her at:

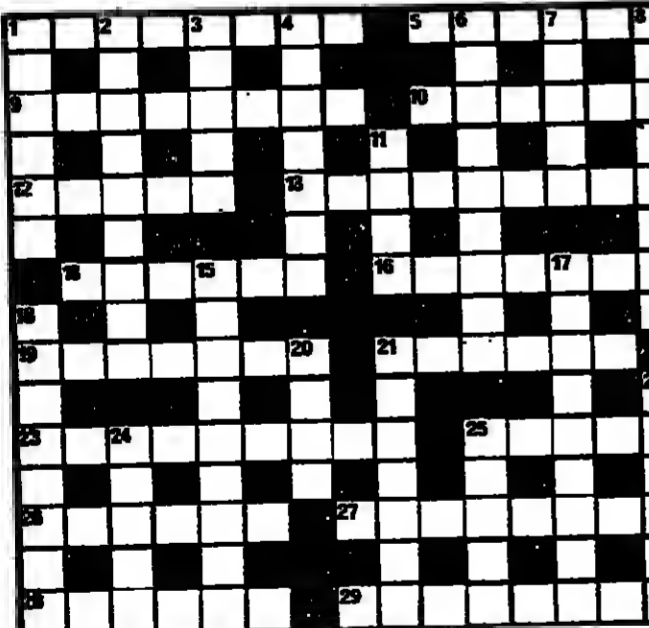
Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including ADI Bank, AIB, and others.

FT CROSSWORD No.6,606



- ACROSS
1 Apparel in hamper is flimsy (6)
2 Bird adjusting to cave (6)
3 Break girl (24) first (6)
4 Key to flower club (6)
5 Out of gear (5)
6 Grows in exhausts (9)
7 Getting shot in Galeshead is difficult (6)
8 Officer in alarm unusually quiet (7)
9 Spend years on course (7)
10 Accountant leaves job to carry drink (6)
11 Making gear oil change, volunteers to call round (6)
12 Start with eccentric Arles (5)
13 Film people backing track in bizarre sex (6)
14 Still upset, Ann's packing in a male model (6)
15 Soldiers in plastic macs laugh uncontrollably (6)
16 Audrey turned to embrace lieutenant, being unfaithful (6)
17 Customer finds lice crawling on books (6)
18 Tour risks travelling round the edge of town (9)
19 Male staff of crucial king (5)
20 Approaching in gear, turns north first (7)
21 They make up the personal column (9)
22 Many against going into backwater grottoes (6)

IMPRESSED BESOM
O N U I A W A
S T I N G S U P I C I O N
E N T R I P T I N G
N A T I O N A L I V B E T A
I S I A
S T I S T I C I A N
A R S E N A L A R T I C L E
E R I C P A R A P H R A S E
M A N P L E B A
M A C H I N E R Y O R I E N T
A U N T S O U T
N U R S E S T I R R I N E S S

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Columns include trust names, managers, and numerical values.

FT UNIT TRUST INFORMATION SERVICE

Handwritten scribble at the top center of the page.

Main table containing financial data for various unit trusts, organized into columns with headers like 'Unit Trust Name', 'Investment Objective', 'Assets', and 'Performance'. Includes a sub-section for 'INSURANCES'.

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, Americans, Money Market Trust Funds, and Money Market Bank Accounts.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies with columns for stock price, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for stock price, share price, and other financial data.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for stock price, share price, and other financial data.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for stock price, share price, and other financial data.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies with columns for stock price, share price, and other financial data.

BUILDING, TIMBER, ROADS Contd

Continuation of building, timber, and road companies table.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for stock price, share price, and other financial data.

DRAPERY AND STORES

Table listing drapery and store companies with columns for stock price, share price, and other financial data.

DRAPERY AND STORES - Contd

Continuation of drapery and store companies table.

ELECTRICALS

Table listing electrical companies with columns for stock price, share price, and other financial data.

DRAPERY AND STORES

Table listing drapery and store companies with columns for stock price, share price, and other financial data.

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DRAPERY AND STORES

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ENGINEERING - Contd

Continuation of engineering companies table.

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Continuation of engineering companies table.

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Continuation of engineering companies table.

ENGINEERING - Contd

Continuation of engineering companies table.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial (miscellaneous) companies table.

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Continuation of industrial (miscellaneous) companies table.

FOOD, GROCERIES, ETC

Table listing food and grocery companies with columns for stock price, share price, and other financial data.

HOTELS AND CATERERS

Table listing hotel and catering companies with columns for stock price, share price, and other financial data.

INSURANCES

Table listing insurance companies with columns for stock price, share price, and other financial data.

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net Friday April 15

LONDON SHARE SERVICE

Handwritten Arabic text at the top center of the page.

INSURANCES - Cont'd table listing various insurance companies and their share prices.

PAPER, PRINTING, ADVERTISING - Cont'd table listing companies in the media sector.

TEXTILES - Cont'd table listing textile manufacturing companies.

TRUSTS, FINANCE, LAND - Cont'd table listing financial and trust companies.

OIL AND GAS - Cont'd table listing energy and oil companies.

MINES - Cont'd table listing mining companies.

LEISURE table listing companies in the leisure and entertainment industry.

PROPERTY table listing real estate and property companies.

TOBACCO table listing tobacco companies.

TRUSTS, FINANCE, LAND table listing financial and trust companies.

OVERSEAS TRADERS table listing international trading companies.

MISCELLANEOUS table listing various other companies.

MOTORS, AIRCRAFT TRADES table listing automotive and aviation companies.

PROPERTY table listing real estate and property companies.

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PLANTATIONS table listing plantation and agricultural companies.

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NOTES section containing detailed market information, exchange rates, and company announcements.

REGIONAL & IRISH STOCKS table listing shares from regional and Irish markets.

TRADITIONAL OPTIONS table listing various options contracts.

Additional market notes and commentary at the bottom right of the page.

LONDON STOCK EXCHANGE

Equity market moves into reverse following US deficit but Gilt-edged end slightly firmer

Account Dealing Dates table with columns for Option, Last, and Account Dealing Dates.

THE UK STOCK market paid the price yesterday for its optimistic stance during the run-up to the US February trade statistics...

trade news were recovered later and long-dated issues closed with net gains of 1/4 point...

"The US trade figures were difficult to judge," said Mr John Sheppard of Warburg...

There was some supply yesterday morning of the two new tranches of existing Index-Linked (IL) stocks...

Turnover in Rowntree, the UK confectionery group, topped 7.8m shares as rumours began circulating late in the day that Nestlé...

After its modest rally at the end of the session, the FTSE 100 index showed a net loss of 23.2 points at 1987.2...

The losses came mostly in the exporting stocks which reacted sharply to the gain in the pound...

Shares in IZL, a leading dollar earner, fell 20 to 880p, as the fall in the US currency overtook news of a higher dividend...

Speculation in Rowntree came to the boil in late trading as rumours circulated that Nestlé, long regarded as a possible bidder...

Losses of a full point suffered in the immediate wake of the US...

Only last week the Malaysian National Equity Corporation indicated that it was considering selling its 60.8 per cent stake in Bank of Commerce...

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Secs, First Interest, Ordinary, Gold Mines, etc. with columns for High, Low, and Stock Completion.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Although the City had been anticipating a bid for Guthrie, the price failed to match some optimistic valuations...

The oil and gas sector moved up strongly during the morning with dealers reporting persistent support across the board...

Turnover in the two major classes of BP shares increased significantly with Goldman Sachs and Kleinwort Greaves good buyers...

Ultramar jumped to 267p before closing a net 10 up to 269p on news of a 25c dividend...

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it-taking to close only 2 higher at 182p, stories about recent strikes—building operations were shrugged aside by traders...

AG Stanley apart, good performers in the stores were few. Sainsbury, however, moved up 5 to 265p on turnover of 6.2m shares...

Activity in the electronics issues was again concentrated in a handful of top line stocks. GEC, where turnover totalled 10m...

Peasey's turnover expanded sharply to 9.1m and the shares rose to 315p at one point before sliding back on profit-taking...

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announced that it has reorganised its proposed purchase of Les Echos, the French newspaper group...

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lowest to end 10 earlier on balance at 58p. An article suggesting the possible reorganisation of some of Malaysia's biggest companies drew selected Overseas Traders more into the spotlight...

Traded Option business expanded quite sharply, the total number of contracts rising to 38,436 comprising 24,069 calls and 14,367 puts...

Bar and Wallace Arnold Trust A featured the Leisure sector, touching 285p before closing a net 30 up at 265p reflecting the doubled annual profits...

Jaguar surrendered an early rise as the weakening dollar assumed dominance again. It cast a cloud over the shares, which had initially responded to hopes that the threatened strike at Coventry would be averted...

Paper/Printing issues with a US favour suffered and Reed International fell 10 to 380p while Maxwell Communication lost 6 to 24p...

Trading statements left Quatro slightly harder at 143p but Hich & Co. 10 lower at 880p while remaining rose 6 to 225p after news of a joint venture with Ketchum Communications...

Losses among the Property leaders stretched to double figures. Land Securities, up to 650p initially, closed 7 lower at 640p...

Avio Europe resisted the trend, rising 5 to 540p in response to satisfactory preliminary results, while Baxson Clark, still reflecting bid rumours, moved up 18 more to 265p in a restricted market...

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FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Indices showing various equity groups and sub-sections with columns for Index, Day's Change, and Year Ago.

FIXED INTEREST

Table of Fixed Interest rates for various maturities and types of securities.

LONDON TRADED OPTIONS

Table of London Traded Options showing various call and put options with columns for Option, Call, and Put prices.

Traditional Options

Table of Traditional Options listing various stock options and their prices.

TRADING VOLUME IN MAJOR STOCKS

Table of Trading Volume in Major Stocks showing volume for various companies.

RISES AND FALLS YESTERDAY

Table of Rises and Falls Yesterday showing price changes for various stocks.

LONDON RECENT ISSUES

Table of London Recent Issues listing newly issued securities.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks listing various fixed income securities.

"RIGHTS" OFFERS

Table of Rights Offers listing various rights issues.

DISCLAIMER

Disclaimer text regarding the accuracy and liability of the information provided in the financial data.

WORLD STOCK MARKETS

Table of stock market data for various regions including Australia, Canada, France, Germany, Japan, and the UK. Columns include stock names, prices, and changes.

Table of stock market data for various regions including Australia, Canada, France, Germany, Japan, and the UK. Columns include stock names, prices, and changes.

Table of stock market data for Canada, including Toronto and Montreal. Columns include stock names, prices, and changes.

Table of stock market data for the US market, including Nasdaq national market closing prices. Columns include stock names, prices, and changes.

Table of stock market indices including Dow Jones, S&P 500, and various regional indices. Columns include index names, values, and changes.

Table of stock market indices including Nikkei, TOPIX, and various regional indices. Columns include index names, values, and changes.

Table of stock market data for Canada, including Toronto and Montreal. Columns include stock names, prices, and changes.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and other financial metrics.

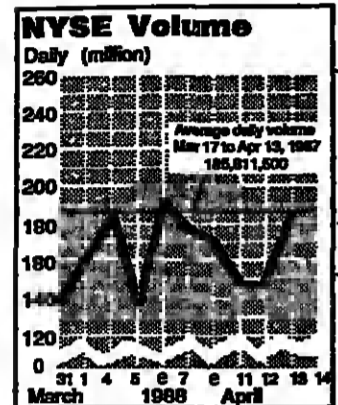
AMERICA

EUROPE

Deficit increase shocks Dow into 100-point plunge

Wall Street

AN UNEXPECTED jump in the US trade deficit sent equities reeling on Wall Street yesterday, as fearful investors recalled that it was a bad trade report last October that triggered the worldwide stockmarket crash...



At the lower levels, on evidence of large scale currency intervention by central banks. But prices started to tumble again at lunchtime, as the dollar fell below \$123.50.

kind of market action seen last October, the fall accelerated on rising volume towards the close of trading. The Dow's 101-point decline was the second biggest since October...

Despite the big falls, however, there were some mildly reassuring signs about the day's trading. Volume was high but not excessive...

The Standard & Poors 500 index fell 11.80 to 252.74 and declining stocks outnumbered gainers on the Big Board by 1597 to 146.

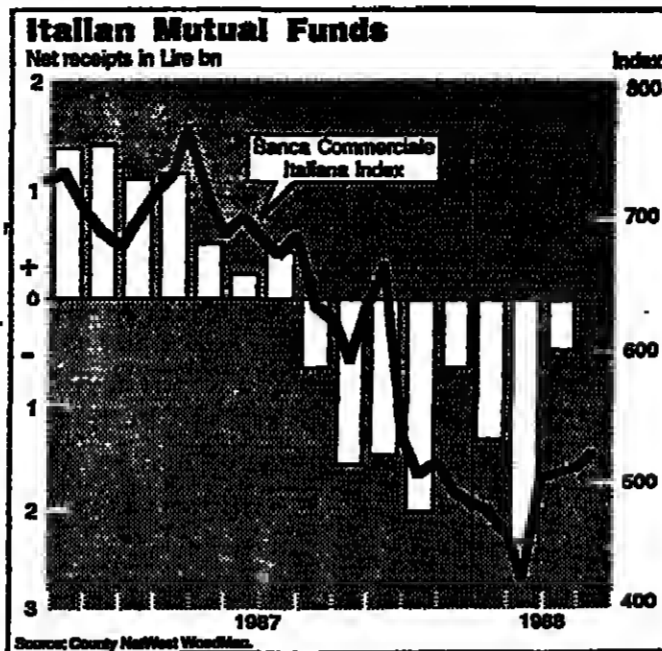
The market fell despite several good corporate results announcements, and strong statements of support for the dollar from the world's leading finance ministers...

There was also a little help from bond market investors from official statistics indicating a continued build up of business inventories, which suggested that fears about the US economy over-heating may still be overdone.

Corporate results announcements provided some encouragement to equity investors. But even companies reporting sharply higher profits found it extremely difficult to stand out against the general declining trend.

Several leading bank groups announced significantly stronger profits, but all their shares fell nevertheless. Manufacturers Hanover declined 3/4 to \$25.4, despite a 52 per cent jump in earnings per share.

Texas Air, the biggest US airline company, continued its decline in a second-day reaction to the government investigation into alleged safety violations.



Italian fund sales ease off

LAST MONTH saw a sharp slowdown in mutual fund redemptions in Italy as the stock market recovered from its steep fall and the pending sell-off which it had hit during the first half of the year...

However, Mr Roberto Morelli, Italian analyst with brokers County NatWest WoodMac, pointed out that new fund sales, though rising, remained at a very low level compared with the halcyon days of the Italian bourse.

A FIRMER bullish price, as the dollar dropped and the US trade deficit rose, prompted a sell-off of gold stocks of their day's lows.

Other mining and financials also rose but volume remained low. Rustenburg Platinum was unchanged at R35 after earlier slipping 25 cents lower.

SOUTH AFRICA

Canada

THE LARGER than expected US February trade deficit prompted a sell-off on the Toronto Stock Exchange.

The composite index closed 53.62 lower at 3,244.16. It fell about 31 points in the morning, partially recovered at midday, but fell again in late afternoon.

ASIA

Nikkei tops 27,000 for first time

Tokyo

OPTIMISM over foreign exchange rate levels finally helped to push the Nikkei average past the unexplored peak of 27,000 in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The index rose for its fourth consecutive session, adding 126.8 to reach 27,111.35. The move came seven and a half months after the index reached 26,000, on August 29.

It ranged yesterday from 26,968.37 at the start of the session to 27,123.19 early in the afternoon. Volume rose to 1.2bn shares from Wednesday's 952m, with advances outpacing declines by 504 to 375 and 185 issues unchanged.

The reconfirmation of the present foreign exchange rate levels at the Group of Seven meeting boosted demand for the yen.

Investors were also increasingly optimistic about the US trade figures, due to be released after the market closed.

in the afternoon. Nippon Kokan drew demand on a newspaper report that it would produce a record amount of profit in the current fiscal year and rose 1/8 to Y13.15 temporarily.

It was the day's most heavily traded stock at 191m shares. Nippon Steel, second on the active list with 109.1m shares, went up 1/8 at one stage, but closed 1/8 cheaper at Y487.

Buying of high-tech issues also tapered off in the afternoon. Matsushita Electric Industrial, the leading issue among them, closed unchanged at Y2,880, with its volume tumbling from 27.2m shares to 7.2m.

As big-capital and high-tech stocks lost popularity, buying shifted to issues affected by internal demand. Kumagai Gumi rose 1/8 to Y1,040 and Ohbayashi Y42 to Y1,010.

Dealers were reluctant to move on the bond market because of the persistent view that the April issue of government bonds would become the benchmark bond.

The yield on the 5.0 per cent government bond due in December 1997, the present benchmark issue, fell to 4.31 per cent from 4.35 per cent, but then rose gradually to finish at Wednesday's closing rate.

Buying spread to small- and medium-sized incentive-backed stocks on the Osaka Securities Exchange and the OSB stock average scored the fourth straight increase, ending up 120.82 at 27,074.42.

Tetsu Chemical rallied 1/8 to Y80. Tsudakoma was 1/8 higher at Y1,420, but Fuso Pharmaceutical lost 1/8 to Y1,800.

Australia

DEMAND from local institutions and offshore buyers for energy and leading industrial stocks led

share prices higher after a weak opening, and the All Ordinaries index closed up 5.2 to 1,671.4.

In energy stocks, Woodside Petroleum rose 7 cents to A\$1.75 and Santos was up 3 cents at A\$4.72.

China Entertainment announced a one-for-one rights issue at 36 cents a share before the market closed, and its stock ended 0.5 cents higher at 45 cents.

Malaysian speculative stocks and cheaper-priced issues dominated the market and the Straits Times Industrial index rose 1.67 to 977.11, having fallen by 1.98 in early trading.

Singapore

SPECULATIVE buying alternated with sporadic profit-taking to leave the market mixed in fairly active trading.

Nervousness over US trade figures hits most bourses

London

THE worse-than-expected US trade data hit share prices in Paris and Amsterdam yesterday, while Frankfurt and Zurich - which closed before the figures were released - ended lower on nervousness about the impending news.

AMSTERDAM fell sharply from midday highs as early optimism over US trade data proved misplaced. Share prices followed the dollar and Wall Street downwards after news that the deficit had widened sharply.

The CBS all-share index ended 1 point lower at 35.4, having peaked at 37.5 just before the deficit news. The dollar closed almost 3 cents lower at F1.1867 from F1.1855 the previous day.

Airplane maker Fokker was suspended at F1 25, up F1 1.10, pending publication of annual results showing net losses of F1 106.9m compared with F1 30.1m profits. Trading resumed today.

Among blue chips, Royal Dutch ended F1 4.20 lower at F1 229.40. Unilever fell F1 3.60 to F1 111.20. Philips lost 20 cents to F1 28.60 and chemical firm Akzo dropped F1 2.10 to F1 106.70.

Textiles group Nijverdal-Ten Cate closed F1 3.50 higher at F1 86.50, denying reports that Akzo had made takeover approaches.

PARIS was hit by news of the US trade figures and the subsequent drop in the dollar's value, with share prices ending lower after an optimistic opening.

Most sectors were hit by the deficit news. Raffineries, a subsidiary of oil company Total, was especially battered, losing FF16.50, or 7 per cent, to FF172.20.

Hachette was suspended temporarily after its shares surged in early trading, adding FF135, or 7 per cent, to FF2,030. The company, which on Wednesday reported a \$712m deal to buy the Diamandis group of the US,

ended FF165 higher at FF1,960. The opening CAC General Index was 3.1 higher at 305.

FRANKFURT ended a nervous day mostly firmer, with volume low as investors held back pending the release of US trade figures after the market's close.

ZURICH was quiet as shares closed mixed to slightly lower, with investors holding their breath before the release of the US trade figures.

MILAN opened strongly but fell back nervously to close with a reduced gain after Societa Generale shareholders looked unlikely to reach an accord at yesterday's meeting.

The BCI index added 4.54 to 527.43 on the first day of the May account. Pirelli was the main talk of the day, in the absence of a result on financier Mr Carlo De Benedetti's fight for La Generale.

Rumours surrounding Pirelli ranged from suggestions that it might bid for another US company, that it might itself face a bid and that it had made a substantial capital gain in selling its stake in US tyre maker Firestone.

All were seen as positive news and Pirelli rose 1.85, or 2.2 per cent, to L2,970, climbing in after hours trading to L3,110.

Mr De Benedetti's Olivetti put on L120 to L11,490 but weakened after the close, while his holding company Cir eased L22 to close at L6,250.

The Credit Suisse index edged down 0.6 to 456.7. Ciba-Geigy, up Sfr10 at Sfr2,975, denied rumours that it planned to bid for US pharmaceutical maker Pfizer.

MADRID share prices were mixed, but the general index reached a year's high - the fourth this week - rising 0.37 to 261.14.

Banco Espanol de Credito, which formed three percentage points to 1,170 per cent of par, is to buy a 2 per cent stake in utility Peccs.

STOCKHOLM ended virtually unchanged in quiet trading pending news of the US trade deficit, which came after the close. The Afterswiden index edged up 0.4 to 826.9.

The FAZ index eased 0.71 to 463.70. Bonds were 5 pfg to 20 pfg higher, with the 6 1/2 per cent 1988 unit yielding about 6.22 per cent.

The management and its Franco-Belgian backers would not be able to muster the three quarters majority needed to approve new shares, beyond the extra 4m already authorised.

Brussels bides time as La Generale meets

THE SHARE price of Societe Generale de Belgique rose slightly yesterday in Brussels in the thinnest of markets, as all brokers watched - and many attended - La Generale's extraordinary shareholders' meeting.

The bourse was steady, with the index up 0.06 at 4,730.

The meeting was called to settle the fate of Mr Carlo De Benedetti's takeover bid for Belgium's largest company. Its shares, which the De Benedetti camp had at one point bid up to FF18,000,

ended FF180 higher at FF18,000, up FF180. But volume was less than 1,000.

Few brokers believed the meeting would end the La Generale saga, most predicting stalemate, with Mr De Benedetti failing to gain outright control but retaining a blocking minority of about 47 per cent.

The management and its Franco-Belgian backers would not be able to muster the three quarters majority needed to approve new shares, beyond the extra 4m already authorised.

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FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday April 14 1988, Wednesday April 13 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. Japan, and The World Index.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987